

## Cease-Fire Observed In Tripoli

Rebels Give Arafat 3 Days to Leave

By Joseph B. Treaster  
New York Times Service

TRIPOLI, Lebanon — Rebel Palestinian factions largely observed an unofficial cease-fire here Tuesday as diplomats and political leaders struggled to arrange a permanent peace.

Tripoli was mostly tranquil, a marked change from the heavy artillery and rocket barrages during the previous several days.

Early Tuesday, Syrian-supported Palestinian rebels attacked Tripoli neighborhoods, saying Yasser Arafat's headquarters were under attack.

Contradictory claims have marked the aftermath of the French raid in Lebanon. Page 2.

Arafat's headquarters and threatened to attack the Palestinian Liberation Organization leader. "In the streets," he did not flee the city.

The pre-dawn artillery bombardment shattered a brief lull in the 19-day-old battle between the PLO factions in northern Lebanon, setting several buildings on fire.

Arafat, leader of one of the PLO's most radical factions, said his forces would give him a 30-day deadline to get out of Tripoli alive.

"If he does not go from Tripoli, we will attack him in the streets," said Mr. Jibril, head of the Popular Front for the Liberation of Palestine-General Command.

He spoke to reporters in the Badawi refugee camp, from which the rebel fighters drove out the last of Mr. Arafat's loyalists Monday.

Saudi Arabia, in an apparent response to Mr. Arafat's appeal for intervention to spare Tripoli from a "bloodbath," sent its foreign minister, Prince Saud al-Faisal, to Damascus for talks with Syrian leaders.

Mr. Faisal met with Foreign Minister Abdul-Halim Khaddam and sources in the Syrian capital said the PLO fighting was the main topic of discussion.

On Monday, the rebels' spokesman said Arafat's headquarters in the Zahariya district, according to Tripoli police sources and Mr. Arafat's leading military aide, Khalil Wazir, also known as Abu Jihad.

Mr. Wazir said that the Palestinian rebels, along with Syrians, tried to advance with tanks and infantry units early Tuesday on a highway to the Abu Ali River. He said they had been repulsed.

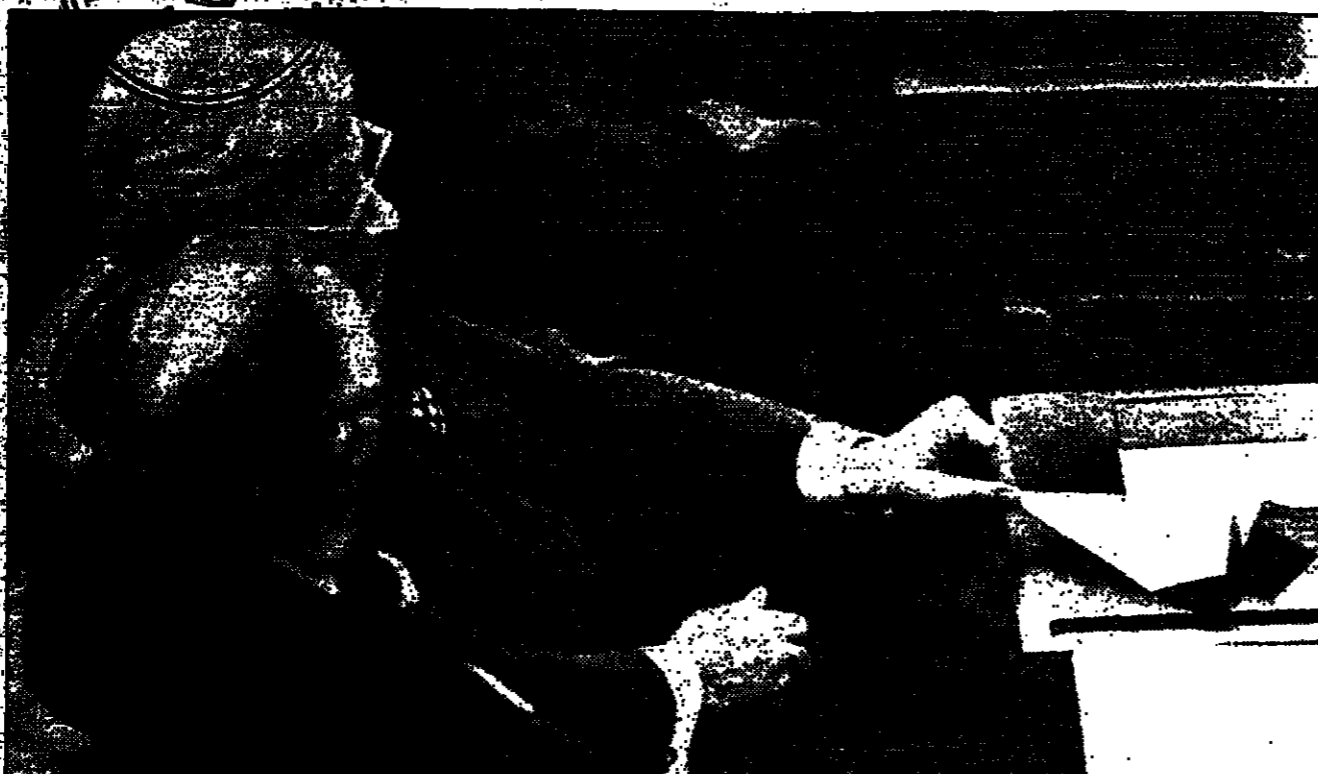
Police sources said no territory changed hands Tuesday.

In Washington, Defense Secretary Caspar W. Weinberger said Tuesday that those responsible for the suicide attack on U.S. Marines in Beirut last month were "basically Iranians" with the sponsorship, knowledge and authority of the Syrian government.

Mr. Weinberger's charges at a news conference were the strongest public indication thus far that the Reagan administration believes Syria had a hand in the Oct. 23 attack on the U.S. headquarters near Beirut International Airport. The bomb killed 239 servicemen.

Mr. Weinberger, President Ronald Reagan and other leading administration officials have promised that the attackers would be punished, but Mr. Weinberger refused Tuesday to discuss any retaliation.

(AP, Reuters)



United Press International



The Associated Press

## Schmidt Deploys His Own Missile

Former Chancellor Helmut Schmidt, above at his desk in West Germany's Bundestag, fashioned a paper airplane Tuesday as Willy Brandt, the leader of Mr. Schmidt's Social Democrats and a longtime rival of Mr. Schmidt, delivered a speech against deployment of NATO missiles.

Mr. Schmidt, who supports the deployment, began folding the airplane at his desk. Then, to the amusement of deputies seated nearby, he launched the wings. In photo at left, Chancellor Helmut Kohl, right, and Foreign Minister Hans-Dietrich Genscher listen to the debate.

## IMF Meets to Approve \$1-Billion Loan to Brazil

By Joseph B. Treaster  
New York Times Service

WASHINGTON — The International Monetary Fund was expected to approve a \$1.12-billion loan for Brazil at a meeting Tuesday, thus easing the country's most pressing debt-repayment problems.

The expected agreement would also make possible a new flow of funds from commercial banks, which would enable Brazil to clear \$3 billion in repayment arrears on its \$90-billion foreign debt.

But bankers and economists in Rio de Janeiro fear that the conditions attached to the IMF loan could deepen the recession in Brazil, which has the highest debt in the developing world.

In February the IMF approved a package of 5.5 billion Special Drawing Rights (about \$5.24 billion) in loans to Brazil, to be extended over three years. About 1.3 billion SDR has already been disbursed to Brazil. But the IMF suspended the package in June because Brazil had failed to meet agreed economic targets.

A revised austerity program was submitted by Brazil to the IMF board last week. The program is to hold wage increases to an average of 37 percent of the inflation rate. According to Antonio Delfino Netto, Brazil's leading economic

official, it will also reduce the annual inflation rate to 75 percent by holding the growth in the money supply to 50 percent in 1984, cutting public spending and borrowing in real terms, higher taxes and wage controls.

The expected IMF loan approval Tuesday, which involved 1.18 billion SDR, would lead to the freezing of the remainder of the loan package approved in February. In addition, if the IMF agrees to the new targets, international commercial banks will begin extending more than \$6 billion in new credits to Brazil.

However, bankers and economists in Rio said that the revised inflation target would be extremely difficult to meet in a country where prices are rising at about 100 percent annually. Inflation in October alone was 13.3 percent.

The bankers and economists warned that the new austerity measures could deepen the current recession caused by reduced consumer purchasing power, high interest rates and reduced activity by state companies.

To reduce spending, imports have already been deeply cut, and any further reductions could make capital goods and raw materials vi-

tal to Brazilian industry unavailable, the bankers said.

This year's trade surplus of around \$6.5 billion more than meets the IMF targets. But even if Brazil achieves its hoped-for surplus of \$9 billion next year, it still will face debt-service payments of around \$11 billion.

■ **IMF Funding Increase**  
Eighteen industrial countries are likely to give final clearance early next month to a standby credit of \$3.3 billion to assist the depleted IMF finances following congressional approval last week of increased U.S. funding for the agency. Reuters reported from Lausanne, Switzerland.

■ **Debt Agreement Expected**  
Western creditor nations are expected to agree Wednesday to give Brazil more time to repay part of its official debt. Reuters reported Tuesday from Paris, quoting diplomatic sources. Talks began Tuesday between the creditors and Brazil. There appeared to be no major problem that would prevent an accord being reached, the sources said.

Fritz Leutwiler, the president of the Bank for International Settlements, said at a news conference that experts met Tuesday at the BIS in Basel to work out details of the loan.

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## Deployment of Missiles Approved by Bundestag After Long, Bitter Debate

By Henry Tanner  
International Herald Tribune

BONN — The West German parliament, after a second long day of vitriolic debate, gave Chancellor Helmut Kohl's government a mandate late Tuesday night to go ahead with the stationing of U.S. Pershing-2 and cruise missiles in West Germany.

The vote on the government's motion was 286 in favor and 226 against, with one abstention. The voting was by secret ballot.

A motion by the Social Democratic Party against deployment of the missiles at this stage and in favor of further negotiations was defeated, 294-169, with 39 abstentions.

A third motion submitted by the Greens party, which coupled rejection of the new missiles with a call for withdrawal of all nuclear weapons from West Germany and disarmament talks between the Warsaw and NATO alliances, was defeated, 487-28.

The first shipment of equipment is expected in Frankfurt Wednesday. Defense Minister Manfred Wörner was expected to telephone the U.S. secretary of defense, Caspar W. Weinberger, immediately after the vote to inform him of the Bundestag's decision.

Fifty-five members took part in the two-day debate, which lasted more than 30 hours.

The government said the deployment, in keeping with a 1979 North Atlantic Treaty Organization decision, was necessary for peace and freedom in the Western world. Its motion called on the Soviet Union to reduce the number of its SS-20 missiles aimed at Western Europe.

asked Moscow to continue negotiations with the United States in Geneva in spite of the deployment and said U.S. efforts at the negotiations are welcomed.

[There were suggestions that the Soviet Union may break off the talks on intermediate-range missiles at a scheduled session Wednesday. Reuters reported from Geneva.]

[In New York, Javier Pérez de Celler, the secretary-general of the United Nations, in an unusual initiative, appealed Tuesday to the United States and the Soviet Union not to break off disarmament talks. He said he was profoundly concerned that the Geneva negotiations might be at the point of failure.]

The debate ended in the early evening. But voting was further delayed as the Greens declared that each member of their delegation would make a five-minute explanation of his or her vote, as is allowed under the rules of the assembly. Several members of the other parties also made such explanations.

## Norway Approves by Only One Vote

The Associated Press

OSLO — Norway's legislature voted Tuesday, by a margin of one, to support the North Atlantic Treaty Organization's plans to deploy U.S. Pershing-2 and cruise missiles in Europe.

The 78-77 vote in the 155-member assembly was taken by roll call after a 15-hour debate. As the lawmakers debated inside, police detained about 80 demonstrators who blocked the main entrance to the parliament building in central Oslo, protesting deployment. They were released after having been taken to police headquarters, police said.

The three-party coalition government, led by Prime Minister Kaare Willoch, had made it clear it would resign unless it got parliamentary backing for its pro-NATO policy. No missiles are to be deployed in Norway.

Two of the main speakers Tuesday were Mr. Wörner and Willy Brandt, the chairman of the Social Democratic Party.

Mr. Wörner repeated the government's conviction that, if West Germany refused the deployment, the Western alliance would be plunged into havoc. He said the danger was not so much that the Soviet Union would attack Western Europe but that it would use the threat of the SS-20 missiles to bring political pressure on West

Germany and other West European countries.

In response to statements by opposition speakers, Mr. Wörner argued that it was not true that a nuclear war could be triggered automatically or by mistake by computers. He said he had inspected U.S. procedures and added that Soviet leaders, too, would never be willing to leave the vital decisions to computers.

Mr. Brandt, however, contra-

(Continued on Page 2, Col. 5)

## U.S. Panel Urges Fusion Of Economic, Arms Aid

By Bernard Gwertzman  
New York Times Service

WASHINGTON — A high-level commission, created by the Reagan administration to review U.S. foreign aid programs, has recommended a major reorganization under which all economic and military assistance would be administered through a new agency, tentatively called the Mutual Development and Security Administration.

In a 106-page report Monday to Secretary of State George P. Shultz, the commission also called for "significant increases" in the amount spent on foreign aid, which it said had declined by 21 percent in constant dollars in recent years because of inflation.

The report said that the Agency for International Development, which has administered economic aid, should be merged with those agencies that handle military aid. The commission's recommendation, if put into effect, would be a return to the practices of the early 1950s, when one agency, the Mutual Security Agency, dispensed both economic and security assistance.

The commission, headed by Frank C. Carlucci, the president of

Sears World Trade Inc. and a former deputy secretary of defense and deputy director of central intelligence, said it was necessary to create the new aid agency because there is "no single spokesman in the administration for the total foreign assistance program."

"The cacophony of voices representing various bureaucracies confuses even those who might wish to support our efforts," the report said.

"The keystone to our recommendations is the conclusion that economic and military assistance must be closely integrated," it said.

"Economic growth and rising standards of living are vital to internal stability and external defense. Threats to stability impede economic development and prosperity."

Ever since AID was established by President John F. Kennedy in 1961, it has handled economic aid, with the exception of the Food for Peace program, which has been administered by the Agriculture Department, and the Peace Corps. Military assistance is administered by the State Department's offices of security assistance and political-

(Continued on Page 2, Col. 4)

## Tripoli Residents Expect a Long Siege

Armed Factions Run City in Absence of Central Authority

By Joseph B. Treaster  
New York Times Service

TRIPOLI, Lebanon — As the nerve-shattering artillery shelling continues here, sometimes with withering intensity, other times sporadically, the people of Tripoli are resigning themselves to a long, painful siege.

"It will not be over in less than a few weeks, maybe even a month," said Bassam Fattal, a businessman who is a member of one of the city's most influential families.

The shelling would never have begun, people here say, if Yasser Arafat had not taken refuge in the city when two nearby Palestinian refugee camps, his last strongholds in Lebanon, came under attack by rebels who say he has become too moderate toward Israel.

Mr. Arafat, the chairman of the Palestine Liberation Organization, has resisted all appeals by the townspeople to leave. He wants to negotiate a settlement in which he would retain a prominent position in the PLO, but the rebels, with heavy support from Syria, are stronger militarily and seem in no mood to make concessions.

While the Palestinian fighting has been going on, Mr. Arafat has been operating from an apartment building on the northern side of central Tripoli.

Reporters and cameramen wait for a glimpse of Mr. Arafat while

standing at an intersection that has been shelled from time to time. Sometimes he smiles and waves from inside a car with bulletproof windows. Other times, he gets out of the car and holds news conferences in a nearby elementary school.

He usually gives a rambling statement, then accepts questions. Often he quarrels with reporters

who suggest by their questions that they think the rebels might be gaining the upper hand.

Mr. Arafat does not like questions that seem to blame him for civilian casualties. It is clear that the news conference is over when he begins shouting at a reporter: "Are you authorized to ask that? Who asked you to ask that?"

Trouble is not new to Tripoli. The city dates from 800 B.C. and has been attacked and pillaged by Moslems, Byzantines and Christian crusaders. In recent years there has been street fighting for weeks at a time.

But heavy artillery has not been used before now, and previous outbreaks of violence in modern times have been concentrated in one or two neighborhoods at a time.

Tripoli has within its environs units of the Syrian Army, Palesti-

ans loyal to Mr. Arafat and nine ragtag groups of armed men and boys that are known in Lebanon as "militias."

There used to be at least 13 militias, police say, but Sheikh Saad Shaaban, a militant Moslem clergyman who physically controls the city these days with about 600 gunmen, "eliminated" the others.

Police are outmanned and outgunned, and they cannot expect help from the 3,500 Lebanese Army soldiers here who have not been out of their barracks for months. They issue parking tickets, direct traffic and record casualties.

There is a mayor in Tripoli, and there is a governor who is supposed to preside over the northern region of Lebanon. Like the police, however, they have been reduced to figureheads, apparently because the national government's area of control is limited to greater Beirut.

Some time ago, the leaders of Tripoli and the heads of the armed groups formed a coordinating committee that was to serve as a kind of governing body in the absence of any other central authority. But the decisions of the committee always go the way of the men with the guns.

"If the Syrians or the Palestinians want the electricity to be cut off," a senior police officer said, "it will be cut off in all cases."

COMMONWEALTH CLEANUP — A man with a broom kept the perimeter of New Delhi airport clean

Tuesday as Commonwealth leaders arrived for their biennial summit, which begins on Wednesday. Page 3.

## France Moving Against Press Chains

By Axel Krause  
International Herald Tribune

PARIS — The cabinet of President François Mitterrand is expected to approve on Wednesday a draft law designed to prevent the concentration of ownership of newspapers in France. But the approval will not silence the heated debate over what is widely regarded as one of the most controversial moves by the Socialists since they nationalized leading companies and banks last year.

Those who favor the proposed law say it will foster greater pluralism and "transparency" in the French press. But it leaves untouched the French government's well-entrenched power over much of the media, which it exercises through control of the state-owned television and radio networks and

five billion francs (\$608 million) in annual subsidies and other forms of financial aid to newspapers and magazines published in France.

Thus, according to the many critics, including some within the government, the law is decidedly vindictive, affecting but one newspaper group which also is the leading voice opposing the government.

That group is Socpresse, a family-owned holding company controlled by Robert Hersant, one of the nation's most commercially successful and politically controversial publishers. Its annual sales of more than 4 billion francs make it the nation's largest publisher of newspapers, including Le Figaro, the Paris-based daily. Indeed, many observers refer to the government's proposal as "the anti-Hersant law."

In their public statements, government officials have repeatedly emphasized that the law, which is expected to be approved by the Socialist-dominated National Assembly within several weeks, merely updates a 1944 press law that severely limits newspaper ownership.

Tougher antitrust laws affecting newspaper ownership already are on the books in Britain and the United States, officials emphasized.

But in private, the officials, including those of cabinet rank, sound quite different. "Enough is enough," Mr. Hersant has provoked us time and time again and now it is time to stop him," said a highly placed government official who spoke on the condition that he not be identified. "If not, he will wind up monopolizing the French

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## Nicaragua Charges U.S. Supports 'Criminal Acts' In Rebel Border Raids

United Press International

MEXICO CITY — Nicaragua charged Tuesday that U.S.-backed rebels had attacked its territory from bases in Honduras and Costa Rica. It warned that Washington was supporting the "criminal actions" to provoke a war between Nicaragua and Honduras.

The Nicaraguan Foreign Ministry said insurgents of the Nicaraguan Democratic Force launched attacks Sunday at two posts along the Honduran border.

One Sandinista soldier was wounded in the attacks, the ministry said.

But the rebel group's clandestine radio station claimed its forces had attacked four towns in recent days in Nueva Segovia province, killing 160 Nicaraguan troops and wounding 60 others.

The radio said other combat occurred along the Rio Coco, where it said a rebel force killed 136 government troops, injured 35 and destroyed two planes.

However, Sandinista military officials said only nine soldiers had been killed and 18 wounded.

Foreign Minister Miguel d'Escoto Brockmann sent a strongly worded protest note to his Honduran counterpart, Eduardo Benitez, warning that the attacks must stop.

"We must point out that these kinds of criminal acts correspond with the plans of the American administration to create a conflict of greater proportion between our countries," said the protest.

**Stronger Action Urged**  
Robert J. McCarmey of The Washington Post reported from Tegucigalpa, Honduras.

The Reagan administration's hard-line policies against Nicaragua this year have succeeded in putting the leftist government there on the defensive, according to diplomats from the United States and Central American allies. But these officials say they wonder if the Nicaraguans have been pushed far enough.

A consensus appears to be forming among Nicaragua's conservative neighbors that direct U.S. military action to oust the Sandinista government in Managua ultimately will be necessary to eliminate what they consider to be the threat posed

by Nicaragua, according to U.S. and Latin American sources.

The Central Americans are not strong enough to overthrow the Sandinistas on their own, military analysts said.

In this view, the presence of a radical government in the region always would be a menace, even though the U.S. pressure already is hampering in the Sandinistas, and they are showing signs that they might resume efforts to export their revolution.

Washington would leave them alone.

Several non-U.S. sources in Honduras — a key Reagan administration ally in the region — said they believed the U.S. administration would like to invade Nicaragua but is hesitating because of potential political damage.

Miguel Facinas, a prominent Honduran businessman who is close to the commander of the armed forces, General Gustavo Alvarez, said, "I really thought that we were going to do a Grenada on Nicaragua, but now I'm not sure that Reagan would risk it."

The United States, he added, has its "hands full with the Middle East."

General Alvarez and Mr. Facinas head a Honduran civil action group that, together with private representatives from four other Central American countries, sent a message in late September to the U.S. Department of State.

The message urged the United States to take direct military action to overthrow the Sandinistas. The group said such action was necessary within three to six months, before the Sandinista regime consolidates itself or the presidential campaign begins in the United States.

Most analysts said they thought an invasion of Nicaragua was unlikely in the near future.

The U.S. ambassador to Honduras, John D. Negroponte, dismissed rumors of an impending attack as "nonsense." However, the U.S. ambassador to Costa Rica, Curtin Winsor Jr., said that "an invasion of Nicaragua is not impossible." He did not specify a time period.

## Polish Leader Reshuffles Cabinet's Economic Jobs

Compiled by Our Staff From Dispatches

WARSAW — General Wojciech Jaruzelski reshuffled his government Tuesday, aiming it to boost Poland's sluggish economy and crush any new challenge to the regime.

At the same time, the authorities offered an amnesty until the end of the year to political opponents in hiding following the crackdown on the Solidarity trade union.

Parliament swiftly approved the reshuffle, which mainly affected economic officials, and the amnesty proposal.

A series of votes approving the personnel changes was interrupted when General Jaruzelski indicated that Zbigniew Mazowiecki, his deputy in charge of trade relations with the Soviet Union and other Communist states, had refused to resign. Along for the cabinet member's removal, General Jaruzelski said

only, "I regret that Mazowiecki refused to take a job that I offered to him."

The Communist Party leader did not explain his dissatisfaction with Mr. Mazowiecki, who joined the cabinet two and a half years ago. The 40-member Sejm quickly approved the general's request.

General Jaruzelski also reassigned Deputy Prime Minister Janusz Obodowski from head of the State Planning Commission to Mr. Mazowiecki's former portfolio.

As part of the government changes, General Jaruzelski relinquished control of the Defense Ministry to another of his deputies, General Florian Swicki, but was made head of a new national defense committee (KOK) and commander-in-chief of the armed forces. KOK will have the power to declare a state of emergency if trade union dissent should run out of control again. (Reuters, UPI)



**CALL TO STRIKE** — A woman passes by graffiti on a wall in central La Paz that calls on Bolivians to join in a one-day nationwide general strike. Monday's strike,

called by Bolivia's labor unions, was a demand for changes in the government's economic policies. About 50,000 people participated in a protest march in La Paz.

## Hart Expands Position on First Strike

By Ronald L. Sobel

Los Angeles Times Service

LOS ANGELES — The United States must never launch nuclear weapons unless Washington is "absolutely sure" that it is under nuclear attack, Senator Gary Hart maintains, and the only way of being "absolutely certain" is to sustain a nuclear hit before striking back.

Mr. Hart made his remarks Monday at a breakfast meeting with reporters, the day after the showing of the television film about nuclear holocaust, "The Day After." Mr. Hart, a Colorado Democrat and a contender for his party's nomination for president, had not previously stated his position on nuclear arms in such explicit terms.

But his statement was within the context of what he has been stressing in campaign speeches: that the United States, either by accident or on purpose, "should not start World War III."

Mr. Hart declared that under no conditions would he, as president, launch an attack "until we were absolutely sure that we were under attack." He said the only way of being "absolutely certain" is to have a nuclear bomb hit your soil.

He maintained that his position "has been our doctrine for the last 30 years."

Mr. Hart, who is a member of the Senate Armed Services Committee, said the United States' defense system has had a history of false alarms. He recalled that a report by his committee in 1980 pointed out about 150 false warnings in the U.S. strategic early warning system over an 18-month period.

Moreover, he said, according to intelligence reports with which he is familiar, the Soviet Union's system could be even less able to detect nuclear threats with any high degree of certainty.

Mr. Hart opposes the MX missile system on the ground that this multiple-warhead weapon was specifically designed to fight a nuclear war and, therefore, could provoke one. He advocates a defense built around the ability to respond to a nuclear strike with such overwhelming force, using a mix of missiles and a conventional military strike, that no country would consider attacking first.

By Dan Balz

Washington Post Service

DAYTONA BEACH, Florida — Former Vice President Walter F. Mondale has accused Senator John Glenn of Ohio of distorting the record in his newly combative campaign speeches and says Mr. Glenn is suffering from "frenzy and desperation" because he is slipping in the polls.

In an interview Sunday on a campaign swing through Florida, Mr. Mondale accused Mr. Glenn, his main rival for the Democratic presidential nomination, of "cooking the figures" and taking "wild swings" that the facts won't justify, suggesting that Mr. Mondale's campaign promises would add \$89 billion to the federal budget deficit.

He also said that Mr. Glenn appeared to be pressing a "regressive" tax program, a 10-percent surtax on individual and corporate income, and that Mr. Glenn's recent call for restraining entitlement programs "is code for Social Security."

Social Security is the biggest of the major benefit programs called entitlements. They are called entitlements because spending does not depend on annual congressional review and benefits go automatically to everyone who qualifies and applies.

Mr. Mondale's comments were the first full-scale defense he has offered since Mr. Glenn's speech at Georgetown University in Washington last week. Until now, he has let aides rebut Mr. Glenn.

In the Georgetown speech, Mr. Glenn said Mr. Mondale had promised programs to various special interests that would immediately add at least \$89 billion to the federal budget deficit.

The speech was the second of two portraying Mr. Mondale as a big spender and soft on defense. Earlier, Mr. Mondale responded to the attack on his defense position by saying that Mr. Glenn favored an "open-checkbook approach to military spending."

"I think what's happened is fairly clear," Mr. Mondale said during the interview Sunday in Orlando.

"In the last several weeks, the senator has been slipping, and I've been gaining around the country. He, in fact, voted for Reaganomics that gave us these massive deficits, the deepest recession in American history."

Asked about Mr. Glenn's contention that he is promising "everything to everybody," Mr. Mondale responded, "But what kind of promises? I think every promise I've made is responsible and consistent with a responsible budget. The most irresponsible giveaway, in which we gave away everything, was Reaganomics and the open-checkbook defense spending policies."

That Grenada is also a member "gives the Commonwealth special opportunities" to play a role in moving Grenada to independent, democratic rule if it is invited by Grenada to play such a role, the secretary-general said.

Commonwealth help "could take many forms," Sir Shridath said, disavowing earlier reports that he had suggested a Commonwealth peacekeeping force for the Caribbean nation.

Grenada, because of its disarray following the coup and invasion there, is not sending a representative to the summit, and Mr. Ramphal said that the Commonwealth

secretariat had not yet received any request for assistance from the country.

The president of Cyprus, Spyros Kyprianou, who is attending to the crisis in his country, is to join the summit meeting on Friday, Sir Shridath said.

Interviews here indicate that except for the six Caribbean nations that joined and supported the U.S. invasion of Grenada, the Commonwealth members are likely to condemn the invasion overwhelmingly, to reject the Reagan administration's contention that it was trying to prevent the establishment of a Soviet-Cuban base, and to express fears over the precedent that has been set.

"The small countries are scared to death," said a Commonwealth representative close to the situation. "There is a feeling that they could be in a lot of trouble if the idea takes root that it's all right to go into other people's countries."

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## Commonwealth Summit To Deal With Concern Over Grenada, Cyprus

By William K. Stevens

New York Times Service

NEW DELHI — Heads of government of the Commonwealth, many of them fearful of what the U.S. invasion of Grenada portends for the security of small countries, will begin a biennial summit here Wednesday at which Grenada is likely to be a major topic.

The session by Turkish Cypriots is also sure to come up, and most Commonwealth members are already said to be strongly opposed to the action.

But concern over Grenada and Cyprus, both Commonwealth countries, appears to be part of a broader preoccupation among the leaders.

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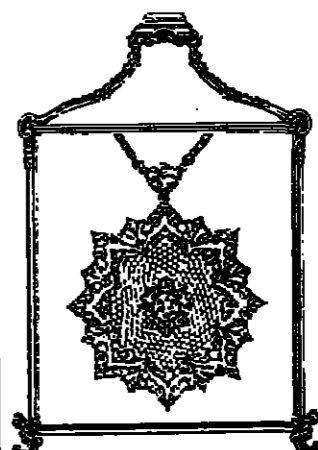
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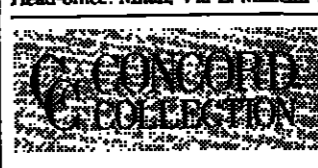
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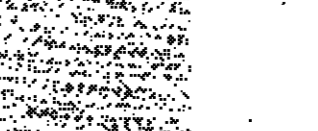
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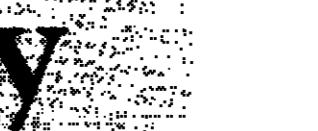
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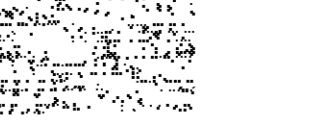
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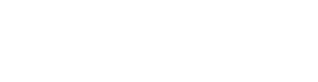
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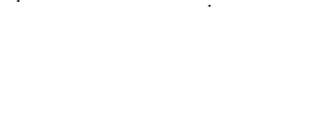
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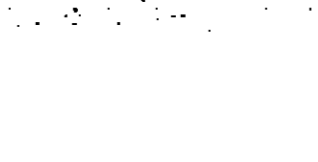
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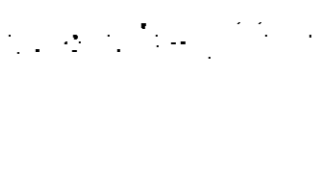
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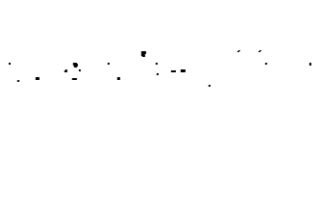
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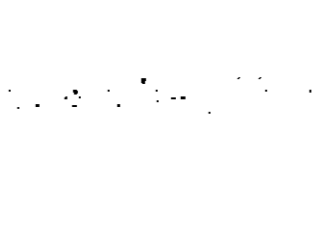
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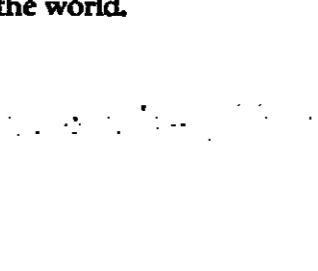
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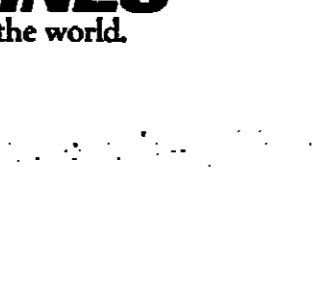
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# Herald Tribune

Published With The New York Times and The Washington Post

## A Free Press, Cuba-Style

A revolutionary named James Madison once offered this classic defense of press freedom: "A people who mean to be their own governors must arm themselves with the power of knowledge gives. A popular government without popular information or the means of acquiring it, is but a prologue to a farce or a tragedy, or perhaps both."

Oddly, Fidel Castro has just endorsed that sentiment—for the United States. He finds it deplorable that the Reagan administration kept reporters from witnessing the invasion of Grenada. Only that fact, he told a roaring crowd in Havana, explains the strong support Americans gave their government.

How refreshing it would be if Castro's tardy discovery were now applied in Cuba. And how unlikely. Cuba is bound by a creed that invests a supposedly infallible party with a permanent monopoly of power. Real press freedom would undermine the claim that Marxism alone offers absolute truths that are discernible only by the party.

But contempt for press freedom is not a Communist monopoly. It crosses the ideological divide in much of the Third World as news is hoarded, controlled, regulated, censored and sanitized by the ruling elites. They invariably rule as "democratic" regimes but, like Fidel

Castro, honor Madison only in the breach.

Hardly a day passes without the promulgation of new press controls, as has just happened in Turkey, or the tightening of existing ones, as in South Korea, or the exclusion of certain correspondents, as in Zimbabwe. In every case, the press is perceived as a tool of government, not a Madisonian check upon it.

Stubbornly and properly, the Western democracies have resisted a campaign in the UN Educational, Scientific and Cultural Organization to license and otherwise monitor journalism in a misnamed New Information Order. Its proponents think press freedom is just fine for the richer countries but a threat to morale and progress in more fragile societies. However disguised, this is Lenin's doctrine: "Why should a government which is doing what it believes to be right allow itself to be criticized? It would not allow opposition by lethal weapons. Ideas are more fatal than guns."

Whether the society be rich or poor, power always gravitates toward that conclusion. But at least the Pentagon draws its power from the same Madisonian constitution that guarantees America's press freedom. When Fidel Castro governs under similar constraints he may qualify as a lecturer on the subject.

—THE NEW YORK TIMES.

## Fading Corporate Tax

Like the Cheshire cat, the corporation income tax is fading rapidly away. Shortly nothing will be left but the smile. The tax is not being explicitly repealed. But there is now such a rich assortment of deductions and credits available to business taxpayers that many of them are paying very little—or less. That point emerges forcefully from the study that the staff of the congressional Joint Committee on Taxation has just carried out.

You have heard many times the argument that it does not make any difference whether there is a corporate income tax. It is always individuals who pay taxes in the end, according to this logic, and if the corporation does not pay them, the stockholders will.

Unfortunately, there are a couple of things wrong with that line. Perhaps the corporation will choose not to distribute all its earnings to its stockholders. It may reinvest them to raise the value of the stock. The earnings then compound, untaxed, until the stockholder takes his profit by selling the stock—and pays tax on that profit at the capital gains rate, which is two-fifths of the rate on ordinary income.

The most recent reductions in corporate taxation are the result of a 1981 law that was supposed to encourage savings and investment. But if capital investment was the object, the 1981 law has encouraged it in a most eccentric fashion. It has reduced effective tax

rates chiefly by speeding up depreciation schedules in ways that affect some businesses very differently from others.

The telecommunications industry's profits in 1982 were taxed, the Joint Committee's calculations show, at an effective rate of 2 percent. Perhaps, you think, that is to encourage high technology. If so, why was the computer industry taxed at 26 percent? The metal products industry was taxed at 30 percent of its income, but the chemicals industry's rate was negative—it got payments from the government. The aerospace and banking industries paid no taxes last year, but the electronics and appliance industries paid 14 percent, and the rubber industry paid 39 percent. One reason for these anomalies is artful lobbying by some companies. Another is the unforeseen ways in which these extremely complex new provisions apply to specific cases.

This process of degrading and loopholing the corporate income tax has been going on for a long time, and it is approaching the point at which it does more harm than good. As the revenues decline, the uneven erosion of the tax is imposing enormous distortions and inequities on the economy. But the government needs revenues. If the country will not support a fair and comprehensive corporate income tax, what tax does it prefer?

—THE WASHINGTON POST.

## Kennedy, Young and Old

Robert Kennedy was being more than elegant when he said of his dead brother, "I think, really, he made Americans feel young again." The New Frontiersmen really were young.

How young is evident from the fact that now, 20 years after his death, JFK would still be six years younger than the present occupant of the Oval Office. And it is easy to forget how much younger still were many of the people attracted magnetically to the Washington of John Kennedy.

When Ted Sorensen went to work in the White House he was not yet 33. Fiddle and Faddie, as people referred to the lively staff members named Priscilla Wear and Jill Cowen, were 21 and 23. When Bill Moyers was nominated for a position in the Peace Corps, a senator asked how old he was. He stood up straight and said, "Twenty-seven and a half, sir." Willard Wirtz, undersecretary and later secretary of labor, thought of himself as a patriarch. He was almost 50.

The New Frontiersmen had the energy and

allegiance of youth, imitating "The Tiger" right down to playing touch football and quoting Edith Hamilton. And they often had the unwavering optimism of youth, as though you could conquer any problem if you got 10 smart people together around a table and stayed up all night arguing.

There is perversity, therefore, in some criticism of the Kennedy administration by the youth of today. What it boils down to is that the Kennedy administration was not, from a present perspective, young enough. These critics read JFK's summons to pay any price and hear not the New Frontier but the Old Order. Schooled in modern feminist sensibilities, they recoil from a dated machismo.

Such revisionism is probably inescapable. Every generation has to be young for itself, propagate its own cycle of political activism and invent its own political leaders. When this next one does, perhaps it will learn more about history, youth and Nov. 22, 1963.

—THE NEW YORK TIMES.

## Other Opinion

### Inside Knowledge of Camelot

The distancing effect of time, the cold eye cast by historians on some of [John F. Kennedy's] policies—such as the early build-up of American military forces in Vietnam—the revelations of his philandering and the spirit of an age that is determined not to tolerate heroic reputations have all combined to diminish that once-mesmeric appeal.

No man is a hero to his valet and, in an age of publicity, we all possess a valet's inside knowledge of the Camelot court. But the real significance of the Kennedy presidency is that it represented the apogee of American

power and the high water mark of American liberalism.

—The Daily Telegraph.

### Nuclear Collision Course

A week ago Britain found itself playing reluctant host to the first shipment of American cruise missiles. West Germany is next. Failing any agreement at Geneva, the United States and Soviet Union will continue on their present nuclear collision course. Let us hope that the politicians and generals know what they are playing with.

—The Bangkok Post.

## A Difficult Agenda for the Underrated Commonwealth

By Derek Ingram

LONDON—Beginning today in New Delhi, the leaders of 44 of the 48 Commonwealth countries gather for a weeklong meeting. Indira Gandhi will preside.

Such meetings have taken place every two years since 1944. Their ancestry dates from 1887, when, during Queen Victoria's Golden Jubilee, the leaders of Canada, Newfoundland, New Zealand, Australia and South Africa met in London for a Colonial Conference.

The Commonwealth defies the rules of history, tends to be dismissed by most political observers, and is misunderstood by many people. The British, of course, are responsible for its existence and in many ways it bears the stamp of British eccentricity. It has no constitution and works by tradition. Rules are made up as needed. There is no voting; decisions are by consensus.

The British Empire was created, it was once said, "in a fit of absence of mind"; the Commonwealth happened that way too. Only a few of the former British colonies opted out.

When India became independent in 1947 it wanted to be a republic. After negotiations, it was agreed that the British monarch (then George VI) should become known as head of the Commonwealth and that the British crown, as such, was no longer the head of state. This meant the title was vested in the person of the king, who died shortly afterwards. Queen Elizabeth succeeded to the title. But there is no inevitability, when the

situation arises, that her heir, Prince Charles, will become head of the Commonwealth, though it is expected.

The queen will be in New Delhi, but will play no role there, except to greet and talk to each of the leaders as they arrive.

For some of the Commonwealth countries—currently the number is 18—the queen is also head of state (one of these is Grenada) but for the rest she is simply head of the Commonwealth, the single symbol linking them all. Of the 48 countries in the Commonwealth, four are "special members" and do not attend summit meetings.

Britain has no leading role in the Commonwealth today—indeed, in recent years British leaders have shown less enthusiasm for the group than some of the other members, notably old hands like Presidents Julius Nyerere of Tanzania and Kenneth Kaunda of Zambia. The mystery to many people is why these world leaders go on meeting. To many observers, nothing seems to happen.

First of all, this is no longer a British-run organization. On the contrary, since the Commonwealth gained its own secretariat in 1965—Sir Shridath Ramphal, the former Guyanese foreign minister, is the current secretary-general—the weight of opinion within the Commonwealth is with the Third World.

The Commonwealth has spent much of its

energy in recent years on searching for ways to prevent a widening of the gap between rich and poor. It has produced respected studies and reports. It is not the Commonwealth's fault that its efforts have not borne more fruit; the mood of the world has dictated otherwise. But the Commonwealth is a real bridge between the rich and poor, a rare forum for the exchange of ideas.

The summit meetings are only the visible peak of the Commonwealth. A huge program of cooperation at lower levels (finance, education, health, agriculture) and an effective technical aid program provide a continual cross-fertilization between members.

At the same time, if the Commonwealth is to continue, and not wither, it has to show more hard results. Because of Mrs. Gandhi's role in the Non-Aligned Movement, North-South issues will be high on the agenda. So will the aftermath of the Grenada invasion. The issue has deeply divided Caribbean member countries.

South-West Africa, or Namibia, where the Commonwealth can have an important role, will be a prominent item. The group's African membership (15 countries) includes five countries in Southern Africa. Two Commonwealth countries—Britain and Canada—are members of the five-nation Western group seeking to arrange Namibian independence.

The Commonwealth has offered membership to an independent Namibia—even though Namibia was never a part of the British Empire—and it operates education programs for refugees from Namibia.

In New Delhi, the African countries are likely to voice their consternation with the five-nation contact group and the Reagan administration for failing to force South African withdrawal from southern Angola and Namibia. Mrs. Thatcher will come under pressure to persuade Mr. Reagan to change his stance.

But the test for the Commonwealth now is to define a role for itself for the rest of the century. As a grouping of a quarter of the world's people, the Commonwealth should be able to play an increasingly important part on the world stage, especially when the performance of the United Nations is at a low ebb.

The fact that neither the United States, the Soviet Union, nor China, is in the Commonwealth can be an advantage. It is ideally situated to hold the middle ground and to propose needed compromises.

The Delhi meeting must address these possibilities if the Commonwealth is to continue as a credible association.

The writer is editor of the London-based Gemini News Service and author of several books on the Commonwealth.

## The Macro-Perspective Favors a Reagan Victory

By Michael Barone

This is the second of two articles.

WASHINGTON—Democrats have had considerable success with what they call the fairness issue—arguing that the benefits of Reagan programs go mostly to the rich. This politics of class envy worked well in 1982, and seemed to work well again in 1983. Many Democratic strategists think it will work in 1984.

And then there is the gender gap. No one denies it is real. Women by a significant margin are less likely to support the president than men are.

Nor do Mr. Reagan's problems with women seem susceptible to a quick fix. They arise from several issues: He is more hawkish than they, and he is less generous on issues of domestic spending, including programs with special impact on women. There is not a lot Mr. Reagan can do on specific issues or with appointments (he has appointed nearly as many women to top-level jobs as Mr. Carter did) to change this.

From these various micro-perspectives, it can seem hardly possible that Ronald Reagan will win in 1984. Yet most people around the country and in Washington appear to assume that he will be re-elected.

Elections are won not by accumulating small blocs of voters but through the impact of ideas and the force of personal character. He who frames the issues tends to determine the result. He who acts like a president tends to get elected president.

From this perspective, the key moment in this election may turn out to be the early morning hours of Sunday, Oct. 23, when Ronald Reagan, in his pajamas, and just after the bomb blast that killed so many ma-

ries in Lebanon, ordered the invasion of Grenada.

Most observers I know tend to shrug off the poll results that have shown, since his speech the following Thursday, that there was strong public support for the invasion and that the president's rating rose on issues across the board.

The boost in the polls may turn out to be momentary. But, underneath it, the foreign-policy response and initiatives of Ronald Reagan this fall seem likely to strengthen him in important ways.

His refusal to shut down arms control negotiations after the South Korean plane was shot down shows that he is not trigger-happy and does think that peace is important. The outcome of the Grenada invasion tends to confirm his view of the world—the Cubans were up to something bad, the Grenadians were happy to see American troops. U.S. military force does not always mess things up. And his ability to make a decision, in a moment of stress, shows that he does not flinch.

Inevitably his Democratic opponents—briefly of information and inclined to see in any military action another Vietnam—looked dithering and in some cases seemed almost to be rooting against the United States.

Lebanon, of course, may not come to a happy resolution. But Mr. Reagan has made headway in defining the purpose of national policy as helping people abroad and stymieing the Russians, rather than just avoiding American military casualties.

The Reagan strategists, it is true, are nervous about the effect of foreign policy on their candidate and women that he really liked them. Nor was he squandering vast support



dence in the economy. They know that many voters fear a queueing in Lebanon, and that voters in this negative-minded era tend to focus on those aspects of the economy that they do not like (unemployment) rather than on those that they do (a lower inflation rate, the recent growth in the economy).

More than that, the Reaganites do not have a really convincing scenario of how the economy will grow in the years after 1984.

President Reagan has received much advice in recent months on whether he should go to the center or rather "let Reagan be Reagan." Both strategies miss the point. The president did not make any great gains in the months when he tried to convince certain groups of blacks, Hispanics and women that he really liked them. Nor was he squandering vast support

on the right when he refused to cut off arms control talks after the Russians shot down the South Korean plane. The best advice he received seemed to be following in recent weeks—was "let Reagan be president." No one else, after all, is in a position to play the better bet.

Mr. Reagan's original far-right supporters are unhappy with this prescription because they want him to do all those things he promised when he was a citizen-broadcaster from Pacific Palisades, California, and later when he was running for president.

His detractors—especially blacks and many women—are unhappy with it because they do not want Mr. Reagan to be president at all.

His campaign strategists are uneasy with it because the United States has been through a long period in which voters have responded negatively to practically all policies and

developments, in which the tone of political discourse has been corrosively negative.

Still, there are signs now that the mood is shifting.

Challenger Reagan in 1979 and 1980 helped set up the nation's political agenda: trim back government, strengthen defense, lower taxes. The Democrats have not come up with a vision of the future that amounts to more than a marginal increase in domestic spending here and a slightly more dovish foreign and defense policy there.

The Reagan strategists have not yet embroidered their campaign themes. But their candidate has now shown that as president he can convey a steadiness of purpose and a habit of command that voters seek. That should count for something—perhaps everything—in 1984.

—The Washington Post.

## In Portugal, Soares Fears Communists' Intentions

By Flora Lewis

LISBON—Little attention has been paid to Portugal since its joyous "red carnation" revolution in 1974 and the turbulent aftermath. An attempted Communist coup failed in 1975, and since then the country has muddled along while the spotlight moved to new dramas.

But it is a mistake to think the tip of the continent is over the worst, and that Western Europe has left behind the threat of coups and dictatorships. Portugal is deeply uneasy about driving into new upheavals.

Socialist Prime Minister Mario Soares is startlingly grave about the dangers. He is openly concerned about the plans of the Communists, a tightly Stalinist party that gets 18 to 20 percent of the vote and solidly controls the industrial unions.

"They have infiltrated organized cells into the army," he said in an interview. "They are mounting serious pressure. They don't have the votes or the support to bid for power by street demonstrations, so they're doing it by infiltration."

Mr. Soares views the "25th of April" as the date in 1974 when the dictatorship was overthrown, as an attempt to move in on the civilian government through the armed forces.

Furthermore, he considers an underground terrorist organization called "People's Forces"—25th of April, "as the armed tool of the Communists, seeking to destabilize the country." They don't attack politicians yet, they go after businessmen and directors of both state-owned and private enterprise. They want to block economic advance by sowing fear," he said.

A number of Mr. Soares's sharp critics share this suspicion. Rumors are widespread that Prime Minister Francisco Sa Carneiro, who died in a plane crash, was the victim of a murder plot. Mr. Sa Carneiro headed the centrist Social Democratic Party, which is now Mr. Soares's coalition partner, but his energetic leadership has not been replaced and the government is fragile.

The government, under stringent orders from the International Monetary Fund to cut the country's payments deficit, took measures that have forced a 5-percent drop in the standard of living, and it is still going down. The unemployment rate is

high and inflation is still 22 to 23 percent, according to Mr. Soares. The economic troubles are bad enough to undermine the future of democracy.

Of course, this sad-eyed, gentlemanly prime minister has a purpose in stressing his worries. Portugal and Spain are being stonewalled in their attempt to join the Common Market. Admission would not be a panacea, but membership in the community of free European nations would inspire confidence and induce patience in the hope of better times.

Mr. Soares is blunt in blaming France for keeping the two countries out simply to please left-wing farmers in the French southwest who fear competition. France will be president of the EC for six months starting Jan. 1, in a position to keep stalling long enough to cause serious political consequences in both Portugal and Spain.

So the Portuguese leader is trying to mobilize pressure from Europe and the United States to get on with the Common Market promise.

He has been criticized for being too pro-American. He is ready to criticize Britain, France and West Germany for being too quick to seek distance from the United States, to equate it with the Soviet Union. "The difference," he says, "is that one superpower wants hegemony, not the other."

Once masters of a vast empire themselves, the Portuguese are acutely



Mario Soares

aware now of being a small country, at the mercy of forces beyond their control. Mr. Soares is convinced that progress can only come through close association with Europe, with the United States.

"But if Europe slams the door in our face, we'll have to seek help from other industrial countries. Portugal missed the second industrial revolution in the stagnation imposed by dictatorship. We can't miss this third. We need technological help. We'll turn to the U.S. and Japan."

His hope, however, is that the bid to Europe will succeed, the economy will start to grow, and a civilian will replace the military president in 1985. This is self-serving; he would like to be the candidate.

But it also serves broad Western interests, constantly buffeted these days by unforeseen bad news from unwatched trouble spots.

—The New York Times.

## In Spain, a Franco Legacy Not Totally to Be Despised

By Victor de la Serna

MADRID—Eight years ago this week, General Francisco Franco died—but he didn't fade into the sunset as old soldiers are supposed to do. His legacy is far more pervasive and resilient in Spanish life than meets the eye.

There are some blatant signs of Francoism, but they may not be the most important ones. These include a nucleus of staunch civilian supporters centered on readers of the newspaper *El Alcázar*. And the extreme right attracts not only old-timers, but also youths—one teacher in a girls' school run by nuns in Madrid's elegant Salamanca district said several of her students have passed Francoist flags and symbols on their books.

But this segment of society is on the retreat. Last year, the extremist New Force Party was disbanded for lack of funds. Some less obviously politicized remnants of the Franco era are probably of greater importance. They show how deeply this country's society was permeated by almost 40 years of authoritarian rule.

The role of the armed forces, of course, is paramount. The dictator succeeded in keeping the military outside the mainstream of society's deep changes. And the military men, though underpaid and underused, maintained their staunch loyalty to the "generalissimo."

Deeply conservative men who were Franco's comrades-in-arms still run most of the armed forces. They are suspicious of the "Marxists" who hold power, and as long as they prevail in the armed forces, the temptation of a coup will remain.

The old regime steadfastly fought all "liberal evils," and created a constricted, highly regulated business and labor environment. It became difficult to lay off a worker in Spain as in a Communist country. The system, designed to buy social peace for the regime, was never dismantled. Now, large corporations are dismayed at the lack of flexibility of the system, which makes it more difficult to adapt to new conditions and to move out of the country's severe recession, one of the worst in Europe.

A lack of understanding in Spanish society for Western values can also be found in a heated battle on press freedom. The main journalists' association in Spain demands the proposed reintroduction of compulsory licensing of reporters—a practice widely decried in the West.

The reason for the attitude may lie in the many privileges bestowed by Franco on guilds and professional associations, again in an effort to avoid dissidence.

By tradition, Spain has been a country of privileged groups. "The 40 years" did much to reinforce that tradition, and those groups now are angrily defending their acquired rights. It is now up to a Socialist government to liberalize the economy and assure the independence of the news media.

But there are some positive aspects in the Franco-era legacy. The lessening of tensions in a country where social and ideological differences had led to bloodshed can be traced to the enforced tranquility of the Franco years. Out of the eerie peace—and the economic progress in the 1960s—came a new generation of political, labor and business leaders, reared not in confrontation but in a shared desire of democratic normalcy.

The Franco years were years when this country became more homogeneous and less divided, and in some ways more democratic. That is one legacy not to be despised.

—International Herald Tribune.

## FROM OUR NOV. 23 PAGES, 75 AND 50 YEARS AGO

### 1908: Shah Defers to the Clergy

TEHRAN—The following is a translation of the principal passages in a proclamation that will be posted in all the mosques here: "To the Clergy—As you have recognized that the establishment of a Parliament would conflict with the laws of Islam, we therefore desist from such a plan, and in the future under no pretext shall such a Parliament be established. Nevertheless, in the interests of our people we have given the necessary instructions for the maintenance of justice. We summon the ecclesiastical body to communicate to the whole people this our resolve to protect the rights of our subjects and to frustrate the wicked designs of evildoers in accordance with the religious law. (Signed) Mohammed Ali Shah."

### 1933: A New Soviet Plane Crashes

MOSCOW—Fourteen Soviet aviation officials and engineers, including Michael Snergrof, Russia's best-known aviator, were killed [Nov. 21] when the world's largest airplane, the recently completed K-7, with accommodations for 128 passengers, crashed at an airfield near Kharkov. The huge airplane had made more than 20 successful experimental flights before the fatal attempt, a fact which has served to increase suspicion of foul play. In the last week the Soviet press has devoted pages to laudatory descriptions of the K-7, which it hailed as the outstanding achievement of the aviation industry. Seats for the maximum of 128 passengers were situated in the wings, which had a spread of 208 feet.

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## Upper Volta's Cautious Revolution

### Radical Rhetoric Is Balanced by Low-Keyed Actions

By Clifford D. May

New York Times Service

OUAGADOUGOU, Upper Volta—Not long after coming to power in a coup in August, Captain Thomas Sankara, a 34-year-old paratrooper and president of the National Council of the Revolution, arrived unexpectedly at a concert in this dusty and congested West African capital.

Walking onto the stage in camouflage fatigues and a beret, a white-handled pistol on his hip, he chided the predominantly youthful audience for favoring music that he said was full of "bourgeois laments on women and money themes."

From now on, he said, they should dance only to "revolutionary music." Then, to illustrate his point, Captain Sankara picked up an electric guitar and began to play a revolutionary song that he said he had composed himself. The audience broke into cheers and applause.

To many here, it was a characteristic moment in the life of Upper Volta's three-month-old revolution, a revolution that has so far combined radical slogans with popular gestures and modest actions. As a result, Upper Volta has been able to maintain friendly ties with such nations as Libya, Ghana, the Soviet Union and Albania,

without losing the attentions of its traditional allies and aid donors, such as France and the United States.

Kin-hot, painfully poor, dry and landlocked, the area that is now Upper Volta was virtually ignored by Europe until 1897, when it became a French protectorate. Upper Volta was proclaimed a colony of France only in 1957 and was granted independence just 28 years later.

Since then the country has seen a period of military and civilian rule, with three coups in the last three years alone.

The present government came to power after a surprise attack on key locations in the capital on Aug. 4. Western diplomats say that as many as 20 people were killed.

The takeover was carried out by about 300 paratroopers in support of Captain Sankara, who had been prime minister until he was purged in May along with other radicals who were believed to have close ties with Libya.

Government spokesmen say that the reports of Libyan involvement in Upper Volta's internal affairs before the coup and of a strong Libyan influence in the period since have been exaggerated.

The Sankara government describes itself as "democratic and popular," a phrase that officials

are hard-pressed to define. Captain Sankara and others in the leadership loudly and repeatedly denounce "imperialism" and "neocolonialism," but they have been careful not to specify the countries that should wear those labels.

That tactic has given Western diplomats here a certain amount of elbow room. "Why should I mind the anti-imperialist slogans?" the U.S. ambassador, Julius Walker, replied in answer to a question. "I'm not an imperialist. They're not talking about me."

The revolution has yet to bring any sweeping changes to this country of seven million people, 95 percent of whom are illiterate, 83 percent of whom work the land and more than half of whom retain their traditional African religious beliefs.

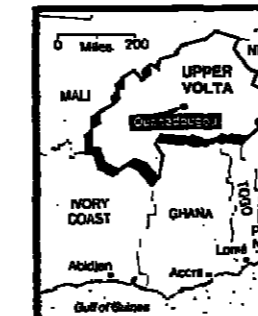
The swankiest nightclubs in Ouagadougou have been closed. Volunteer workers, organized by the revolutionary committees, are spending their days off planting trees, filling potholes and cleaning sewers.

Foreigners entering Upper Volta are now thoroughly, though politely, searched and questioned and required to register with a local official. A curfew is in effect from 11 P.M. until dawn.

Many young people in the capital call each other "comrade" and



Sankara, top left, president of Upper Volta.



The New York Times



Captain Thomas Sankara, top left, president of Upper Volta, holding an electric guitar on which he has been known to play revolutionary songs that he has written. Residents, above, on a street in Ouagadougou.

wear Chinese cotton T-shirts silk-screened with Captain Sankara's image and the country's motto: "Fatherland or death. We shall overcome."

It is among these urban youths that the president appears to enjoy his greatest popularity. Described by nearly all who meet him as charismatic and forceful, Captain Sankara became a national hero as an officer in the

1974 border war with Mali. In rural areas, as even some government spokesmen acknowledge, Captain Sankara and his radical slogans are still largely regarded with indifference.

"What can one say about the revolution?" asked a farmer in the village of Didyr, about 70 miles (113 kilometers) west of Ouagadougou. "Here we worry about rain, not revolutions."

One question still being pondered concerns the cohesiveness of the new government. The membership of the National Council of the Revolution is believed to include pro-Libyan, pro-Soviet, pro-Chinese and pro-Albanian Marxists as well as a few moderate socialists. It remains to be seen whether Captain Sankara will be able to keep all of them singing in harmony.

## Greece Lauds U.S. Stand on Cyprus Crisis

### EC Renews Refusal to Accept Turkish Cypriot Declaration

By Henry Karon

New York Times Service

ATHENS—The United States, which has been much criticized here in recent years, has received unusual praise from Greek officials for its strong condemnation of the recent Turkish Cypriot proclamation of sovereignty.

"Up to now, the United States is doing exactly what we expect," said Deputy Foreign Minister Ioannis Kapsis. "It's a very good omen. We hope the United States keeps going as it is."

Asked how far Greece expected the United States to go in support, he replied: "We don't want the United States to declare war on Turkey, but if they keep on pressing, they can convince Ankara to find a way to reverse its decision and proceed to substantive negotiations."

On Nov. 14, the Turkish Cypriots in northern Cyprus proclaimed their part of the island an independent republic. Greece and the Greek Cypriots in the southern two-thirds of the island have protested the action and say Turkey was responsible. Turkey has seized this.

Senior Greek officials said they were aware that the United States might expect a more positive Greek attitude in response for support on the Cyprus issue. "We are a government of businessmen," a senior official said. "We know realpolitik. We are ready to give something when we get something in return."

In real terms, a U.S. diplomat and Greek critics of the Socialist government of Prime Minister Andreas Papandreu said, little change should be expected. Despite Mr. Papandreu's campaign pledges to close U.S. military bases and lead Greece out of the European Community and North Atlantic Treaty Organization, the accord on the bases has just been renewed for five years and Greece remains in both organizations.

The Papandreu government has made it known that it is particularly eager for American support because it is aware of its limited means of pressing Turkey. The strongest measures under discussion are the withdrawal of Greek officials from four consulates in Turkey and the cancellation of talks scheduled for January on Greek-Turkish trade and tourism.

The government is mindful also of how lukewarm Soviet support has been on the Cyprus issue. Greeks who have been unhappy over Mr. Papandreu's warmth toward Moscow now point out with some satisfaction that, while Greece has not joined other Western nations on such matters as martial law in Poland, the Soviet downing of the South Korean airliner or policy in Lebanon, the Soviet Union and its allies have not returned these favors with immediate and strong denunciations of Turkey over Cyprus.

Although Greece insists publicly that the republic be renounced and Turkey withdraw its recognition, the government appears to realize that neither Rauf Denkash, leader of the Turkish Cypriots, nor any government in Ankara could undo what has been done and survive.

Consequently, the Papandreu government hopes to continue to subject Turkey to an unceasing barrage of international disapproval.

Explosions in South Africa

Reuters

DURBAN, South Africa—Explosions damaged two power pylons outside this city early Tuesday, cutting off electricity to some villages but not injuring anyone, police said. No one claimed responsibility for the explosions. The outlawed African National Congress has in the past blown up pylons and other strategic targets in its campaign against white rule in South Africa.

Compiled by Our Staff From Dispatches

BRUSSELS—European Community foreign ministers on Tuesday renewed their refusal to recognize the Turkish Cypriot republic and diplomats said this would mean the end of preferential access to the community for Turkish Cypriot products.

The ministers, however, lifted away from a formal boycott of the Turkish Cypriot state that had been sought by Greece.

In Washington, Foreign Minister Alexander Haig said Tuesday he did not see any prospect for a reversal of the Turkish Cypriot declaration of independence Nov. 14. He said at a press conference before meeting President Ronald Reagan that no "self-respecting society could do that."

President Spyros Kyprianou of Cyprus had met with Mr. Reagan on Monday and said afterward he was "more encouraged" that the United States would help him in a reversal of the Turkish Cypriot action. Mr. Reagan, while siding with Greek Cypriots, over the issue, sounded a note of caution to avoid

dimming hopes for a long-range settlement with the Turkish minority.

During a 15-minute meeting, Mr. Reagan "deplored the unilateral declaration of a separate political entity" and "noted our deep disapproval" of the White House spokesman, Larry M. Speakes, said.

At the same time, he said, Mr. Reagan turned the situation complex. "and asked that the government of Cyprus not let this ill-considered unilateral act preclude consideration of any opportunities that may emerge for progress towards a settlement."

In Brussels, diplomats said the foreign ministers of the 10 member states of the European Community were united at a meeting Tuesday in their refusal to recognize the Turkish Cypriot declaration and asked the community's Executive Commission to examine the consequences for trade with northern Cyprus.

The diplomats said it would mean ending preferential access to the community for Turkish Cypriot

products, which have so far benefited from an association agreement with Cyprus. It would also mean channeling all financial aid to Mr. Kyprianou's government in Nicosia.

The commission was also asked to examine ways of speeding up a customs union with Cyprus, a move requested by Greece to boost the Nicosia government, the diplomats said. They said Greece, the current community president, had sought a formal boycott of northern Cyprus and action against Turkey for supporting the Turkish Cypriot state.

There was little support for

moves against Turkey because some member states were not prepared to undermine recent efforts to normalize relations with Ankara after the return of a democratically elected parliament there.

The Turkish foreign minister, before his meeting with Mr. Reagan, said the issue of the Turkish Cypriot republic should not be allowed to imperil relations between Turkey and the United States, which is providing millions of dollars to rebuild Turkey's military as part of North Atlantic Treaty Organization defenses.

Mr. Turkmen said his government still endorsed negotiations

with Greece and Britain through the United Nations to settle the question of Cyprus.

"Our position is not to deny self-determination, but we advised them not to take the step," he said. But he said his government, the only nation to recognize the new republic, will not retract recognition.

On Monday, Mr. Kyprianou had said after seeing Mr. Reagan: "The United States takes a firm position on the illegal action taken by the Turkish Cypriot leadership and Turkey. I expressed deep appreciation for this stand."

Earlier, Richard Bernstein of The New York Times reported

The General Assembly, which

Hopes were raised only to be dashed," he said. "As every member of this assembly knows, what is crucially required is the agreement of the Soviet government to a timetable and a termination date for withdrawal."

Sir John said that, while Soviet negotiators deliberately stalled diplomatic efforts, Soviet forces continued to suppress the Afghans savagely, hoping to impose a solution.

25 Countries to Speak

Earlier, Richard Bernstein of The New York Times reported

The General Assembly, which

has for the past few weeks spent most of its time attacking Israel and the United States, on Monday heard condemnations from Pakistan, China and other countries of the continued Soviet occupation of Afghanistan.

Twenty-five countries are scheduled to speak during the two-day debate. They included the United States but not the Soviet Union although several pro-Soviet countries were expected to defend Soviet policy.

On Monday, Vladimir A. Krevets, the representative of the Ukraine, contended that Soviet troops in Afghanistan were necessary to fight what he called "an unprovoked imperialist aggression."

The Associated Press

ISLAMABAD, Pakistan—An Afghan Army general was among 11 or 12 persons killed when a helicopter transporting high-ranking Afghan military officers and Soviet personnel outside Kabul, Western diplomatic sources here said Tuesday.

The Mi-8 helicopter, with an escort of four gunships, was about 10 miles (16 kilometers) south of the Afghan capital when it was brought down Nov. 15 by rebel fire, the sources said.

At least 11 or 12 of the 20 to 24 passengers were reported killed in the crash. The most prominent victim was Major General Mohammed Abdul Azim, commander of the 8th Division based at Kharga, northwest of Kabul, the sources said.

It was not known if the Soviet personnel on board were civilian or military. Other passengers included employees of the Agriculture Ministry who were on their way to tour copper mines in the Logar Valley.

## Marcel Dalio, Film Actor In France and U.S., Dies

The Associated Press

PARIS—Marcel Dalio, 83, a movie actor who had a long career in France and Hollywood in character roles, died Sunday.

Born Israel Mosche Blanschild in the Jewish quarter of Paris, he trained as an actor at the Paris Conservatoire and in 1920 started playing in revue and cabaret. He moved quickly into film.

His first major role was the infomaniac in Julien Duvivier's 1936 film "Papà Le Moko," followed by two films directed by Jean Renoir—"La Grande Illusion," in which he played Rosenthal, the son of a Jewish banker, and "La Règle du Jeu" in which he was a decadent aristocrat.

In 1940, he fled France ahead of the Nazis, who used his portrait on posters as a typical Jew. All other members of his family died in concentration camps.

He arrived in Hollywood with \$17 and no knowledge of English but was soon appearing in major Hollywood films—"The Shanghai Gesture" for Josef von Sternberg, and with Humphrey Bogart in "To Have and Have Not" and "Casablanca."

He returned to Paris after the war to play in French films, but he also continued to work in American movies.

Other deaths: Michele Gles, 56, a leading member of Italy's communist Social Democratic Party and several times



Marcel Dalio

a cabinet minister, Sunday in Rome of a heart attack.

Carolyn Leigh, 57, who wrote the lyrics for the Broadway musicals "Peter Pan" and "Wildcat" and the songs "Hey Look Me Over" and "Young at Heart," Saturday in New York following a heart attack.

Hans Spialek, 89, who wrote orchestra music for 147 Broadway shows in the 1930s and 1940s, of cancer Sunday in New York.

Richard Loo, 80, a Chinese-American actor best known for his portrayals of Japanese villains in World War II movies, in Los Angeles on Sunday.

Allison Davis, 81, a psychologist and social anthropologist who wrote on the black experience in America, Monday in Chicago.

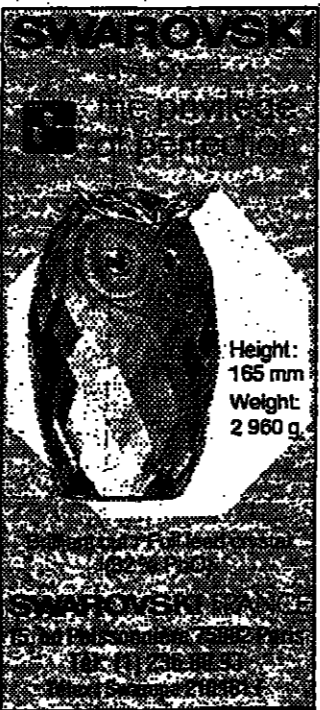
## France Plans N-Shelters for Urban Areas

Reuters

PARIS—France is to start building nuclear shelters for civilians next year, according to a confidential government directive published Tuesday in the newspaper Liberation.

The directive, issued by Prime Minister Pierre Mauroy's office in October 1982, requires all new urban buildings housing more than 100 persons to be equipped with shelters from 1984. It also outlines improvements in the system of sounding a nuclear alert and plans for evacuating civilians.

Officials confirmed that the document was genuine but said it had a low security classification. "There is no surprise in all this," one said. The directive says civil defense has to be improved to boost popular confidence in France's deterrent policy.



Height: 165 mm Weight: 2 960 g.

## In Debate at UN, Britain Urges Soviet to Set Date For Afghan Withdrawal

Reuters

UNITED NATIONS, New York—Britain urged Moscow in a United Nations debate Tuesday to set a timetable for the withdrawal of its troops from Afghanistan, expressing outrage at Soviet behavior there.

Britain's UN representative, Sir John Thomson, said a timetable would open the way to a comprehensive, peaceful settlement, many elements of which were already in place.

"The need is clear, the decision simple," he told the UN General Assembly on the second day of an Afghanistan debate. "We look for deeds as well as words."

Sir John said Britons were outraged by what he termed the brutalities inflicted on Afghanistan and the Afghans and "the astonishing indifference of the Soviet government to the demands of the international community that they should withdraw their forces and respect the principles of the UN Charter."

A resolution expected to be adopted Wednesday would be the fifth in which the world body had asked for a pullout since Soviet troops intervened in December 1979.

The British delegate mentioned progress made in talks about an Afghan settlement under the auspices of the UN secretary-general, Javier Perez de Cuellar, but said Moscow failed to follow through with steps needed to effect an accord.

"Hopes were raised only to be dashed," he said. "As every member of this assembly knows, what is crucially required is the agreement of the Soviet government to a timetable and a termination date for withdrawal."

Sir John said that, while Soviet negotiators deliberately stalled diplomatic efforts, Soviet forces continued to suppress the Afghans savagely, hoping to impose a solution.

25 Countries to Speak

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The General Assembly, which

## HIGH EFFICIENCY



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WEDNESDAY, NOVEMBER 23, 1983

## BUSINESS PEOPLE

### 4 Partners in SMH Formally Leave Helm; 3 Other Bankers Take Over

The four partners of the private bank Schröder, Münchmeyer, Hengst and Co., or SMH, have formally left the bank's management group, leaving three commercial bankers in charge. SMH said Tuesday in a statement.

The bank said Ferdinand von Galen, Hans Lampert, Hans Hermann Münchmeyer and Wolfgang Ströy would no longer take part in running the bank, which was rescued by a group of 20 West German banks early this month after a high proportion of its assets were determined to be of dubious value.

The bank said its business would now be run by Peter Giesche, Dietmar Kraft and Norbert Schiffer. Mr. Schiffer succeeds Hans Pfeiffer, who with Mr. Kraft and Mr. Giesche had formed the executive committee that watched over SMH after the rescue. Mr. Pfeiffer, who returned to his duties as a director of Deutsche Bank's Frankfurt office.

SMH also said Reinhold Schröder, a partner in the private bank Georg Hauck und Sohn, had stepped down as chairman of the five-member SMH advisory council. He is succeeded by Hans Stracke, chairman of the Deposit Insurance Fund.



Ferdinand von Galen

### LBH Inaugurates New Office in Tokyo

Lloyd's Bank International opened an investment banking representative office Monday in Tokyo. The office is headed by J.C. Schaeff, formerly of the bank's Tokyo office. LBH also has a branch in Osaka.

LBH said the new office would advise Japanese corporations on how to approach international capital markets. It will also advise Japanese institutions on portfolio management and international securities. And through the LBH network, the new office will give advice to corporate clients on investment and fund-raising opportunities in Japan.

LBH's move follows the recent opening of a Tokyo representative office of Samuel Montagu. Headed by that office is Masayuki Matsuyama.

Meanwhile, Kevin J. Wallace, LBH's director responsible for merchant banking operations in Hong Kong, will leave that position soon. John Harris, managing director in Hong Kong of BT Asia Ltd., Bankers Trust's merchant banking unit, will take over at LBH in Hong Kong.

### Other Appointments

General Motors France has appointed Terry R. Holmes finance director, succeeding T.K. Brackley. Mr. Holmes moves to Paris from the automaker's head office in Detroit.

Ronald D. Corwin has been appointed Citicorp's country corporate officer for Belgium and Luxembourg. Mr. Corwin, who is based in Brussels, continues as managing director of Farnbank, a Citicorp unit, and as chairman of Diners Club (Belgium). Jacques Levy has been appointed Citicorp's general manager for Belgium and Luxembourg. He is also based in Brussels. Mr. Corwin and Mr. Levy succeed Jonathan Elkus, who was transferred to Citicorp Bank (Switzerland) in Geneva.

Trans World Airlines has appointed Harry N. Schaeff general manager for France and Benelux, filling a vacancy. Mr. Schaeff will continue to be based in Paris, where he was director of industrial relations for the airline's international division.

Crédit Lyonnais of Paris has named Bernard Thielon head of its international division, succeeding Georges Stenmark.

Thomas Bessie has been appointed a joint general manager of the Bank of Scotland, responsible for management, central banking and personal financial services, marketing development and public affairs. He succeeds John F. Wilson, who retires May 31. Succeeding Mr. Bessie as divisional general manager, international division, is Peter A. Bart.

David Ingham has been appointed regional general manager, Europe, for National Westminster Bank's international banking division. He succeeds Malcolm Fell, who becomes assistant general manager of the bank's international division. Bob Currie succeeds Mr. Ingham as deputy regional general manager, Europe, international banking division.

Roy Haines has been appointed treasurer and assistant general manager of NatWest's international banking division. He succeeds Bill Bell, who retires in March. Succeeding Mr. Haines as deputy treasurer of the division is Ron Porter.

Harris Corp. of the United States and Commercial Financiera de Madrid have formed a joint venture company to market Harris minicomputers, data processing systems and terminals in Spain and Portugal. The company, Harris Iberica, is based in Madrid and headed by Julio Garcia de Leana, former head of Desk Data Systems.

Continental Illinois Ltd., London, has named Philippe J. Truffert a managing director. He formerly was an executive director. Promoted to executive director from associate directors were A. Peter Anderson 2d, Eric P. Darras, Paul L. Gersh and Edwin A.F. Rides.

—BRENDA HACKETT in London

## VW Loss Grew Sharply in First 9 Months

WOLFSBURG, West Germany — Volkswagenwerk AG reported Tuesday a sharp increase in group net losses to 247 million Deutsche marks (\$91 million) in the first nine months of 1983, mainly due to difficulties in Latin America. Sales totaled 29.02 billion DM, compared with 28.07 billion DM a year earlier.

The deficit figure from the West German auto industry's biggest employer compared to the 146-million-DM loss in the like period last year, and came despite signs of an upturn in the domestic car market.

The company said in an interim report that losses by its Latin American subsidiaries

were largely to blame, since the price regulation by governments in the region had boosted car sales but left manufacturers to carry substantial operating losses.

It said that the auto industry was in the forefront of an economic recovery in West Germany, and that, "due to the excellent market reaction to the new Golf, we expect to play a larger role than hitherto in this upturn."

But despite the optimistic forecast, the parent company made a 7-million-DM net loss in the first nine months of this year compared with a 22-million-DM net profit a year earlier.

The group's sales in the European market

declined despite some improvements in the underlying trend, while in the United States, higher imports of VW cars were unable to compensate for the fall in U.S.-produced vehicles.

Figures released Tuesday by the federal motor office showed that VW's share of West German car registrations (including its subsidiary Audi NSU) fell to 28.5 percent in the first 10 months of this year from 29.5 percent a year earlier.

But the recovery in the overall West German car market was confirmed by the rise in new car registrations to 2.11 million in the first nine months of the year from 1.87 million a year earlier.

## N.Y. Stock Prices Close Higher in Heavy Trading

United Press International

NEW YORK — A combination of lower interest rates and investors' enthusiasm for American Telephone & Telegraph's new when-issued shares propelled prices higher Tuesday on the New York Stock Exchange in the heaviest trading in six weeks.

Reports of a strong economy helped some basic industry stocks, such as steel and aluminum. Some papers were helped by prospects of higher earnings.

The Dow Jones industrial average, which contains the "old" AT&T, climbed 7.01 to 1,275.81, its highest level since 1,284.65 Oct. 10. It surged 17.78 Monday.

The Dow Jones transportation average rose 3.17 to a record 612.57, topping Monday's mark of 609.40. The Dow utility average jumped 1.54 to 138.25.

The New York Stock Exchange index gained 0.41 to 96.33 and the price of an average share increased 16 cents. Standard & Poor's 500-stock index rose 0.79 to 166.84.

Advances topped declines 10 to 7. Bolstered by the trading in AT&T and shares in the seven regional companies it is spinning off Jan. 1, also on a when-issued basis, volume climbed to 117.6 million shares from 97.7 million Monday.

It was the heaviest turnover since 118.3 million changed hands Oct. 6.

"The firmness in the bond mar-

ket was the major factor in this rally," said a New York investment adviser, David Polan. "And prospects for solid earnings and a good economy also helped."

Bonds rose as the federal funds rate that banks charge one another dropped to 8 1/4 percent and the Federal Reserve pumped money into the banking system to keep those rates low.

"This eased a lot of investors' fears that the Fed would have to tighten credit," said Keith Hertel of Smith Barney, Harris Upham. "Lower interest rates have produced a better market psychology."

The government reported that durable goods orders rose 3 percent in October and orders for non-durable capital goods climbed 4.8 percent. The revised third-quarter gross national product showed a 7.7-percent increase instead of 7.9 percent originally stated, easing investor fears that the economy was overheating.

Corporate profits rose a healthy 11.6 percent in the third quarter, but that was down from the 17.6 percent registered in the second period.

Composite volume of NYSE issues listed on all U.S. exchanges and over the counter at 4 p.m. totaled 134,919,200 shares, up from 114,852,600 Monday.

AT&T when-issued was the most active NYSE-listed issue, up 1/2 to 18 1/2 on more than 4.8 million

shares. AT&T "old" stock was second, up 1 to 64 1/2 on 3.69 million shares.

Among the AT&T regional issues, Ameritech when-issued rose 1 1/2 to 66 1/2 and Nynex 1/2 to 62 1/2. Bell Atlantic Corp. lost 1/4 to 70. BellSouth 1 1/2 to 89. Pacific Teleis 1/2 to 54 1/2. Southwestern Bell 1/2 to 61 1/2 and U.S. West 1 to 59.

Gulf Oil was the third most active issue, up 1 1/2 to 43 1/2. Oilman T. Boone Pickens and associates, who are fighting a Gulf proposal to change incorporation, won FTC approval to buy more Gulf shares.

Long Island Lighting Co. was fourth on the list, off 1 1/2 to 12 1/2 amid reports that New York Governor Mario Cuomo would not take any steps to help Lico open its troubled Shoreham nuclear power plant. Lico's preferred issues plunged.

Superior Oil, which surged 3 1/2 Monday, added 1/2 to 37 in heavy trading. Former Chairman Howard Keck plans to sell his interest in the company and analysts believe that will pave the way for a takeover.

Among the blue-chip issues, Aluminum Co. of America rose 1/2 to 44 1/2. American Can 1/2 to 48 1/2. American Brands 2 1/2 to 58 1/2. General Foods 1 1/2 to 51 1/2. Goodyear Tire & Rubber 1/2 to 33 1/2. Owens Illinois 1 1/2 to 34 1/2. United Technologies 1/2 to 69 1/2. Union Carbide 1 1/2 to 68 1/2 and U.S. Steel 1 to 29.

## France Is Seen Seeking 4.25% Price-Rise Limit

By Axel Krause

International Herald Tribune

PARIS — As part of its anti-inflation drive, the French government is expected to recommend soon that wholesale price increases be held to about 4.25 percent next year — a sharp drop from the expected increase this year, Finance Ministry sources said Tuesday.

But the proposal was flatly rejected by France's powerful employers' federation, known as the Patronat, which considers holding down wage-increase demands next year to be the main priority in fighting inflation.

"We are refusing any discussion of restraining industrial price increases next year. . . . We want liberty of prices," an official of the federation said Tuesday. He asserted that Finance Minister Jacques Delors had promised last July to free all industry prices from controls in 1984.

Earlier this year, the government and industry groups agreed to limit wholesale price increases in key sectors. The agreement will be reflected in an average producer price-rise for 1983 of 7.5 to 8 percent, government and industry sources said.

Wages and prices were frozen in mid-1982. After the freeze was lifted, wages and prices were placed under controls subject to negotiations between government and representatives of industry and unions.

Finance Ministry officials said Mr. Delors never agreed to free prices next year. They maintained that he said only that he favored the idea and would move "progressively" in that direction. Officials said the decision on freeing all prices would depend on other fac-

tors, such as average hourly wage increases in industry.

Ministry officials said that wage increases had been declining this year and that the government wanted to hold down increases next year, though officials have not cited a specific target. Five percent has been mentioned in inter-ministry discussions. This year wage increases are expected to rise 9.3 percent, roughly equal to the overall inflation rate, according to industry estimates.

"Industry must do its part in helping us meet next year's inflation growth target," a ministry official said. The target is 5 percent. The official added: "We cannot ask wage earners only to participate in helping hold down inflation."

Responding to questions on French state-controlled television Tuesday night, Yvon Gattaz, president of the Patronat, said the key to fighting inflation was moderating wage demands next year. He said France's inflation rate was still higher than that of most of its trading partners.

Finance Ministry officials said that 35 percent of wholesale prices were now free of controls, and that the 4.25-percent figure was a target only. Industry sources said the issue would be discussed soon, probably within a week, by the National Price Committee, a consultative group of union and industry representatives.

"At this point, it is not a question of numbers, but that we simply will not accept the idea of continuing with price controls," a Patronat spokesman said. He noted that price controls were recently lifted, notably for bulk plastics and electrical construction equipment. "But it is not enough," he added.

## W. German GNP Expected to Rise Up to 3% in '84

Reuters

BONN — The West German government's Council of Economic Advisers says inflation-adjusted growth in the country's gross national product of 2.5 to 3 percent in 1984, the economics minister, Otto Lambsdorff, said Tuesday.

Separately, the Federal Statistics Office reported that producer prices rose 0.1 percent in October from September to stand 1.2 percent above the level in October 1982 at 116.7. The index is based on 1980 equaling 100.

Mr. Lambsdorff said the report said that conditions necessary for world economic recovery has reached most newly industrialized countries and some developing countries, especially in Southeast Asia. In addition, the Bundesbank said West German net currency reserves fell 2.8 billion Deutsche marks (\$1.03 billion) in the second week of November to 68.1 billion DM.

### Market Closings

All financial markets, banks and businesses will be closed Wednesday in Japan for a holiday.

All U.S. stock and commodity exchanges will be closed Thursday for the Thanksgiving holiday. All exchanges except the Chicago Mercantile Exchange will reopen Friday. The money-supply figures that would normally be published Friday by the Federal Reserve Board for the week ended Nov. 16 will be issued Monday because of the holiday. Business loan figures will also be delayed until Monday.

## TAPMAN

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## Chrysler Unit to Offer First Notes in 6 Years

United Press International

DETROIT — Chrysler Corp.'s financing subsidiary said Tuesday that it planned to sell \$150 million in five-year notes, the automaker's first public offering of securities in six years.

Chrysler Financial Corp. said it has filed a registration statement with the Securities and Exchange Commission covering the proposed sale of notes that will mature Dec. 15, 1988. The offering is being made by a group of underwriters led by Salomon Brothers Inc.

No interest rate will be placed on the notes until they are listed on the New York Stock Exchange in December.

Chrysler Financial has not gone to the open market since 1977, when the parent automaker was in a financial decline that brought the company close to bankruptcy in 1980.

The automaker had to secure

government and private financing to stay afloat, notably \$1.2 billion in federally backed loans. Chrysler paid off the loans earlier this year, seven years before the money was due, and it has posted three straight quarters of record profits, including \$100.3 million in the third quarter.

Chrysler Financial President Edwin O. Grote said the automaker chose to sell the notes now because "it's the right time and we will need the additional capacity to handle an increasingly strong car market in 1984."

The money will be used in the short term to reduce Chrysler Financial's debt.

Mr. Grote said the decision to sell the notes was an acknowledgment of the "return to profitability of Chrysler Corp. and its improving operating record as well the health of Chrysler Financial."

## U.S. Profits Rise By \$28 Billion

### 3d-Quarter Corporate Gain Called Best Postwar Rebound

By John M. Berry

Washington Post Service

WASHINGTON — Corporate profits from current production rose \$28 billion in the third quarter to a seasonally adjusted annual rate of \$246.2 billion, a level 52.1 percent higher than at the end of last year, the Commerce Department reported Tuesday.

Profits were up in virtually all industries, with the petroleum, chemical and motor vehicle manufacturing sectors leading the way.

The department also said that the gross national product, adjusted for inflation, increased at a 7.7-percent rate rather than the 7.9 percent reported earlier. Real output increased at a 9.7-percent rate in the second quarter and a 2.6-percent rate in the first quarter.

The third quarter's inflation rate, as measured by the GNP implicit price deflator, was 3.3 percent, the same as in the previous quarter. The third-quarter rate was first estimated as 3.4 percent.

Commerce Secretary Malcolm Baldrige said the increase in corporate profits so far this year was "the strongest rebound from any recession in the postwar period."

The 52-percent gain compares with an average of 29 percent experienced in the first three quarters of prior postwar recoveries, he said.

"The rebound in profits reflects the vigorous pace of economic growth, combined with stepped-up gains in productivity and moderate increases in wage rates," Mr. Baldrige said.

He also noted that corporate cash flow had risen sharply, partly as a result of the 1981 business tax cuts that increased depreciation allowances. Cash flow "now exceeds corporate investment by a comfortable margin," he said. "This surplus is helping firms to finance in-

ventory and capital investment internally, relieving upward pressures on interest rates and encouraging capital spending."

After the revisions, current-dollar GNP rose \$88.3 billion in the third quarter to an annual rate of \$336 billion, the department said. That gain, 11.2 percent, was down from the previous quarter's 13.3 percent.

### Durable-Goods Orders

The Commerce Department reported that new orders received by U.S. manufacturers for durable goods increased \$2.73 billion, or 3 percent, in October from the month before to a seasonally adjusted \$93.73 billion, Reuters reported.

The October advance, the third straight, was the largest since 7.6 percent in June. In September, new bookings increased \$1.02 billion, or 1.1 percent, to an adjusted \$90.99 billion.

For the first 10 months of this year, orders for durables have been rising at a 28.2 percent annual rate, a department analyst said. The gain last month was due largely to a \$2.4 billion, or 12.1 percent, increase in the transportation equipment industry.

That rise, which reflected a sizeable gain in the aircraft and parts industry, follows a 9.9 percent decline in September.

New orders for machinery in October were up \$500 million, or 1.5 percent, after rising 7.6 percent in September.

The report said bookings for primary metals declined in October by \$300 million, or 2.3 percent following a 0.1 percent rise in September.

### To Our Readers

Because of computer problems, money rates are not available in today's editions.

## CURRENCY RATES

Interbank exchange rates for Nov. 22, excluding bank service charges

	\$	DM	FF	£	Y	S	¥	₹	₪
Amsterdam	3.2025	4.48	12.145	36.25	0.1864	5.514	139.11	21.17	
Berlin (d)	5.25	8.70	23.25	6.75	0.342	8.75	219.25	34.5	
Frankfurt	2.46	3.59	9.75	2.94	0.148	4.71	123.90	22.4	
London (d)	1.49								
Madrid	1.6323	2.4048	6.55	19.81	0.913	22.76	561.12	107.26	
New York	1.00								
Paris	6.2145	12.078	33.41		0.201	5.17	128.78	20.48	
Zurich	2.1768	3.1972	8.635	26.82	0.1359	7.04	175.8	27.5	
1 ECU	0.6368	1.0302	2.825	0.879	0.0435	1.07	26.86	4.154	
1 SDR	1.9497	3.1371	8.625	26.825	1.3749	3.778	97.404	22.842	10.235

### Dollar Values

\$	DM	FF	£	Y	S	¥	₹	₪
0.792	1.285	3.59	11.25	0.58	1.51	37.5	6.05	1.0
0.827	1.345	3.75	11.85	0.61	1.58	39.0	6.30	1.0
0.861	1.405	3.90	12.45	0.63	1.65	40.5	6.55	1.0
0.895	1.465	4.05	13.05	0.65	1.72	42.0	6.80	1.0
0.929	1.525	4.20	13.65	0.67	1.79	43.5	7.05	1.0
0.963	1.585	4.35	14.25	0.69	1.86	45.0	7.30	1.0
0.997	1.645	4.50	14.85	0.71	1.93	46.5	7.55	1.0
1.031	1.705	4.65	15.45	0.73	2.00	48.0	7.80	1.0
1.065	1.765	4.80	16.05	0.75	2.07	49.5	8.05	1.0
1.099	1.825	4.95	16.65	0.77	2.14	51.0	8.30	1.0
1.133	1.885	5.10	17.25	0.79	2.21	52.5	8.55	1.0

Source: Reuters. (1) Sterling: 1.2728 Irish £. (2) Commercial bank rates. (3) Amounts needed to buy one pound. (4) Units of 100 (1) Units of 1,000 (2) Not quoted. (3) Not available.

## INTEREST RATES

### Eurocurrency Deposits

Nov. 22

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
6M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
1Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4

### GOLD PRICES

	A.M.	P.M.	C.M.
Hong Kong	274.15	274.45	274.75
London (115 Kilo)	274.75	274.75	274.75
Zurich	274.75	274.75	274.75
Official Rates for London, Paris and Luxembourg, closing and clearing prices for Hong Kong and Zurich, N.Y. Daily & Morning, U.S. dollars, per ounce.			

### Canada Price Index Up 0.6%

OTTAWA — The consumer price index rose 0.6 percent in October to 119.2, base 1981, Statistics Canada said Tuesday. There was no increase in September and a 0.6 percent rise in October last year.

Herald Tribune

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Petrolco	152,700	10 1/4	+
Crescentville	142,000	17 1/4	+
Inter-CD	140,100	2 3/4	+
Rykoff	140,000	10 1/2	+
Danvers/Int'l	137,800	3 1/2	+
Chromatix S	135,100	18 3/4	-

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# GULF INVESTORS GROUP

## Dear Fellow Gulf Shareholder:

Thank you. The tremendous support we have received so far from shareholders is truly gratifying. I believe both small and large shareholders understand how much is really at stake on December 2.

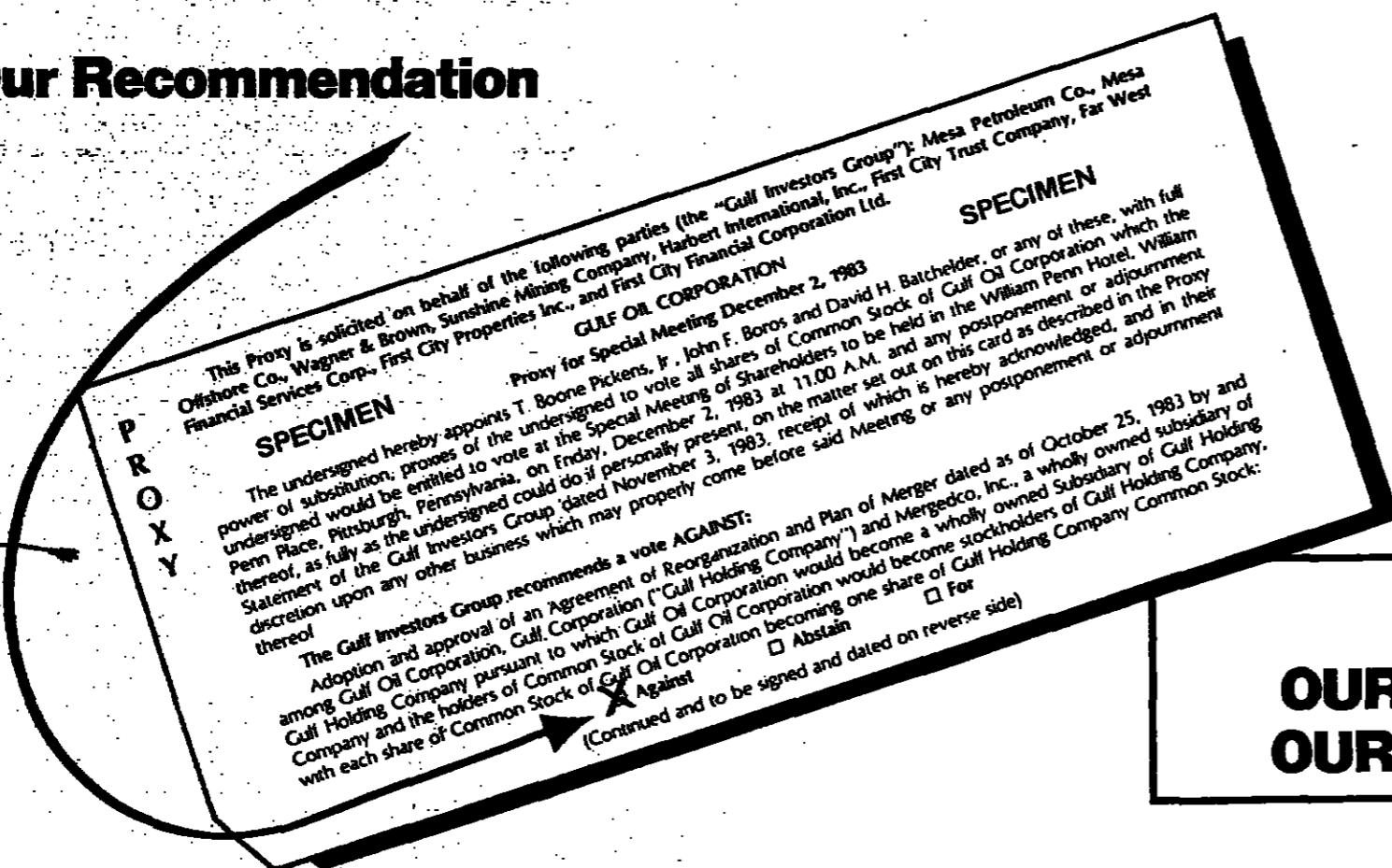
If you haven't yet decided on how to vote on the reincorporation proposal—**CALL YOUR BROKER** and ask him what he thinks will happen to the price of Gulf stock if management's proposal passes. There can be no certainty as to future stock prices but remember, if Gulf stock declines by \$5 per share, your investment will lose \$500 in value for each 100 shares you own. Just think, if you own 1,000 shares you would lose \$5,000.

- WE BELIEVE YOU CANNOT POSSIBLY AFFORD TO SUPPORT MANAGEMENT AND THEIR REINCORPORATION PROPOSAL.
- WE BELIEVE GULF'S STOCK PRICE WILL DECLINE IF WE DO NOT DEFEAT MANAGEMENT'S PROPOSAL.
- WE BELIEVE MANAGEMENT'S REINCORPORATION PROPOSAL, WITH ITS ELIMINATION OF SHAREHOLDER RIGHTS, CANNOT POSSIBLY INCREASE SHAREHOLDER VALUE.

## IT'S NOW OR NEVER

You will only get one chance to reject management's reincorporation proposal. That chance expires at the Special Meeting on December 2. If you don't do it now, you will lose precious shareholder rights forever. The Gulf Investors Group is fighting to protect your and our financial interests in Gulf. We can't do it alone—it's now up to you.

## Our Recommendation



**Protect your financial interests.  
Vote against the reincorporation proposal  
Today.**

**REMEMBER:  
OUR GAIN IS YOUR GAIN  
OUR LOSS IS YOUR LOSS**

## An Important Note to Former Gulf Shareholders

Only Gulf shareholders who owned Gulf stock of record on October 21 are entitled to vote at this Special Meeting on December 2. Since October 14, however, over 10% of all Gulf shares have traded. It would be unfortunate, indeed, if the future of Gulf were determined by former shareholders who no longer had a continuing financial interest in the Company's affairs. We request that if you are a former shareholder with voting rights, that you please respect the possible investment objectives of those that have purchased your shares by abstaining on the reincorporation proposal. If you have previously voted in favor of the proposal, you may now abstain by sending in a later dated Blue proxy, marked "Abstain". An abstention will have the same effect as a vote against management's reincorporation proposal. If you need an additional proxy, please call our proxy solicitor for immediate assistance.

Thank you once again.  
On behalf of the Gulf Investors Group

*T. Boone Pickens, Jr.*  
T. Boone Pickens, Jr.

## ATTENTION: "STREET-NAME" HOLDERS

If your shares are held in the name of a brokerage firm or bank nominee, only they can execute a proxy on your behalf. Since time is short, please mail your proxy today in the envelope that has been provided to you. If you are concerned that your vote may not be in time for the December 2 meeting, please call our proxy solicitor for immediate assistance:

THE  
**Carter**  
ORGANIZATION, INC.

Toll-Free 800-221-3343  
or  
212-619-1100 (collect)



## BUSINESS BRIEFS

## Exco Finishes Its Exploratory Talks About Link With Wood, Mackenzie

LONDON (HT) — Exco International, the London-based money manager, said Tuesday that it has ended exploratory talks on the possibility of a link with the stockbrokerage of Wood, Mackenzie & Co. The two companies had been discussing the possibility of Exco buying 50 percent of the Edinburgh-based stockbrokerage, the maximum stake allowed under London Stock Exchange rules. They refused to comment on the reasons for ending the discussions, which were disclosed last month.

The decision comes at a time when many British banks, brokerages and other financial services companies are considering new partners to cope with tougher competition. The stock exchange's plan to phase out minimum commissions on trading is expected to shake out the weaker brokers and send the stronger ones scrambling for more capital.

John Chene, senior partner at Wood, Mackenzie, said the brokerage might be interested in discussing terms with another potential partner under certain circumstances.

## GATT to Study Reagan Plan

GENEVA (Combined Dispatches) — The world trade regulating body, GATT, has decided to set up a working party to study President Ronald Reagan's controversial plan to give trade and tax benefits to 28 non-Communist countries in the Caribbean.

The decision came during the opening day Monday of the 39th annual session of the General Agreement on Tariffs and Trade following Washington's request to waive some of its GATT obligations in order to set up the special trade area, GATT spokesmen said Tuesday.

Brazil said the scheme, called the Caribbean Basin Initiative, could harm Brazil's sugar trading interests; Cuba said it did not believe the plan would do any good for the Caribbean countries and Nicaragua also voiced disagreement with the plan, the spokesmen said. The plan was approved by Congress in July.

(Reuters, UPI)

## Petro-Lewis Seeks New Opportunities

DENVER (NYT) — Petro-Lewis Corp. has announced that it had retained the investment banking firm of Salomon Brothers Inc. to help it develop new "financial opportunities."

Analysts said Monday those "opportunities" most likely would be an acquisition by Petro-Lewis, although they did not rule out the possibility that Petro-Lewis could be seeking to be acquired.

Jerome A. Lewis, chairman of the Denver-based oil and gas company, said the move was "the latest in a series of management initiatives aimed at providing Petro-Lewis with the resources to continue the high rate of growth it has historically achieved."

## Issue for Computer Products Delayed

LONDON (HT) — Shearson/American Express Inc., tipped up by the current weakness of high-technology stocks, is postponing a \$20-million convertible bond issue for Computer Products.

Shearson had emphasized that the Fort Lauderdale, Florida, maker of measurement, control and power-regulation equipment should not be hampered by high tech. But demand among European portfolio managers still proved too weak.

## Time Inc. Discontinues Teletext Experiment

By Andrew Pollack

NEW YORK — Time Inc., a pioneer in the teletext market, said Monday that it was discontinuing its experiment with the technology and would not offer a commercial teletext service.

"We just don't feel the economics are right for it becoming a business for us in the near future," said Michael Luftman, a spokesman for Time. He said there would be some costs associated with the closing of the experiment but that they would not materially affect Time's fourth-quarter earnings.

Time, as expected, announced the ending of the teletext plan Sunday to more than 100 employees who worked on developing the service.

Mr. Luftman said the company would retain some workers to continue to study opportunities in electronic publishing, but added that he did not know how many would be in the group. Most of the employees, however, will be out of a job after Dec. 31 unless they can be absorbed by other Time divisions.

The company is already trying to find jobs for some of the 250 employees laid off when its fledgling TV-Cable Week magazine was folded in September. A hiring freeze will remain in effect until jobs are found for the cable magazine and teletext employees, Mr. Luftman said.

Teletext is a means of broadcasting printed information, such as news reports and sports scores, to television sets equipped with a special decoder. The transmission goes in one direction only, as opposed to videotex, which is a two-way system allowing the consumer to conduct transactions such as banking at home or making reservations.

Many in the information services industry expected teletext to become a mass market service, with decoders being built into television sets at little extra cost. But the recent events at Time and other companies suggest this will not

happen for several years, if at all. The Columbia Broadcasting System and the National Broadcasting Company, which also announced teletext services earlier this year, have called back their efforts. They continue to transmit teletext information, but no one can read it because there are no decoders available.

Test Broadcasting has a teletext service in Cincinnati using a simpler technology, with Zenith supplying the decoders, but that service, too, has met with a muted reception.

Time had experimented with teletext service for more than two years and sources say it spent \$15 million to \$30 million on the effort. Experiments were being conducted on "time-on-demand" cable-television systems in San Diego and Orlando, Fla.

The company was trying to develop a sophisticated teletext service with some computer-like capabilities, so that the consumer could manipulate the information, almost as if he were using a two-way videotex system instead of a one-way decoder.

But analysts and sources at Time said the company's technology was too ambitious and that the Matsushita Electric Industrial Company could not develop decoders that would sell for less than \$200. "Time's mistake was getting too far ahead of itself in technology," said David Simons of the Digital Video Corporation, a New York consulting firm.

## AEG to Lead Egypt Contract

FRANKFURT — An international consortium led by AEG-Kans Turbinenfabrik, Nuremberg, has won a contract for 40 million Deutsche marks (\$14.7 million) to equip a 20-megawatt coal-fired power station in Egypt, its parent company, AEG-Telefunken, said.

## ITT to Present New Computer

The Associated Press

NEW YORK — ITT Corp. said Tuesday it plans to introduce a personal computer patterned after International Business Machines Corp.'s Personal Computer, but selling for about 5 percent less at a starting price of \$3,000.

The diversified concern, with interests in telecommunications, manufacturing, consumer products and financial services, already makes a variety of office-automation equipment such as terminals and printers. But this would be its first plunge into the crowded market of personal computers mainly for business use.

ITT will present its new machine, the Xtra, at next week's Comdex computer trade show in Las Vegas, Nevada, and dealer deliveries are set to begin next April, according to a spokesman for ITT's Courier unit in Tempe, Arizona.

## BASF Reports Pretax Profit Rose 57.4% in First 9 Months

The Associated Press

LUDWIGSHAFEN, West Germany — BASF AG said Tuesday that its group pretax profit jumped 57.4 percent in the first nine months of the year as industrial demand picked up for chemicals.

BASF's gain lagged behind the 87-percent increase in pretax profit for the same period reported by Hoechst AG, but reflected renewed profitability throughout West German chemical sector as key client industries restocked inventories.

BASF said its pretax earnings totaled 1.05 billion Deutsche marks (\$388 million) through September. Revenues rose 6.5 percent to 25.8 billion DM from a year earlier. BASF said signs pointed to fur-

## U.S. Bans Imports of Russian Nickel

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — The Reagan administration has announced a ban on imports of nickel from the Soviet Union, denying Moscow dollar earnings while reinforcing a 1963 trade embargo against Cuba.

Cuba sells half the nickel it produces to the Soviet Union. The Reagan administration said that "there is reason to believe" that some Cuban nickel is contained in the Soviet ingots, slabs, bars and other products exported to the United States.

The Treasury Department said Monday that the order will go into effect in 30 days unless the Russians can guarantee that their shipments here contain no Cuban nickel. Trade officials said that they thought such a Soviet guarantee unlikely.

Treasury officials said that plenty of nickel is available from other producer countries at world prices, which have been depressed. Nickel is used principally in the making of stainless steel and other specialty

steel products. Because of the abundance of world supplies, the ban on Soviet nickel is not expected to cause problems for U.S. industry.

The order was issued under the Trading With the Enemy Act, which is administered by the Treasury.

Officials from other agencies said, however, that the action should be seen in a broader context of increasingly strained relations with the Soviet Union since a Soviet warplane shot down a South Korean airliner Sept. 1.

These officials, who asked not to be identified, insisted that there was a connection between Monday's announcement and the closing of some areas in the United States, such as "Silicon Valley" outside San Francisco, and Houston, to Soviet diplomats, reported over the weekend.

The Russians were informed of the nickel ban last Tuesday and of the geographical restrictions Wednesday.

In recent months the United States has also increased efforts to prevent illegal shipments of high technology to the Soviet Union. Efforts Monday to elicit a comment from the Soviet Embassy in Washington on the nickel ban were unsuccessful.

Reagan administration trade officials also said that the administration is considering barring other imports from the Soviet Union un-

der the Smoot-Hawley Tariff Act of 1930, which authorizes the shutting out of goods made with "convict labor" or "forced labor."

In recent years nickel has accounted for 5 percent to 10 percent of imports from the Soviet Union. In the first nine months of this year the shipments totaled \$13 million of \$252 million of total imports.

The action against the Soviet nickel came after the Treasury received a tip from Inco Ltd. of Canada, the world's leading nickel producer, that some Cuban nickel was probably contained in the shipments from the Soviet Union. Inco is thought likely to win some of the U.S. business that the Soviet Union will lose.

The United States in the past has banned imports of Italian and French steel because it was being made with Cuban nickel.

Washington has agreements with these two countries as well as with the Netherlands, West Germany and Japan under which they certify that steel they ship to the United States is not made with Cuban nickel.

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## McDonnell Wins \$2.8-Billion Deal For Navy F-18s

Reuters

WASHINGTON — The Navy said Tuesday that it had awarded a \$2.8-billion contract to McDonnell Douglas Corp. for F-18 fighter jets.

The contract, for F-18 airframes, was one of a package totaling \$5.9 billion that the Navy said it had awarded or reached agreement on.

Others included General Dynamics Corp., \$634.2 million for two attack submarines; Grumman Corp., \$492 million for F-14 aircraft; Newport News Shipbuilding, \$334.1 million for one attack submarine; General Electric Co., \$296.7 million for F-18 engines; International Business Machines Corp., \$104.1 million for the LAMPS helicopter anti-submarine warfare system; and Hughes Aircraft, \$95.9 million for radar equipment and \$60.4 million for AIM-54C missiles.

The Navy said the contracts and negotiated prices were on or under the Reagan administration's budget request for 1984 and represented a savings of \$480 million.

## Australia Increases Grain Sale to Soviet

United Press International

SYDNEY — The Australian Wheat Board has announced its biggest wheat sale to the Soviet Union, 1.5 million metric tons valued at \$250 million.

A spokesman for the board said Monday that delivery was expected to be completed by May. The sale represents a big increase in wheat exports to Russia.

Last year, because of prolonged drought, Australian wheat exports to the Soviet Union amounted to only a million tons. The spokesman said that this season up to 14 million tons would be harvested for export, compared with less than eight million last season.

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## COMPANY EARNINGS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

unless otherwise indicated									
Australia		Fuji Bank		9 Months		1982		1983	
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ables include the nationwide price  
Up to the closing on Wall Street

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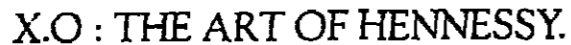
The House of Representatives passed a bill on July 11 that would require Gulf Oil to pay a **royalty** "jeopardize Gulf" a new kind of adaptive design would be possible. Energy Secretary would be a "The

**Herald Tribune**  
Published With The New York Times and The Washington Post  
The Global Overview

## Nov. 22

[illegible]

IHT/3/11



If your shares are registered in the U.S.A., or in London, please refer to the instructions. To ensure that your shares are properly recorded, please send a WHITE proxy on the enclosed form to the Registrar, J.P. Morgan & Co., 100 Broad Street, New York, N.Y. 10046, U.S.A.



# GULF SHAREHOLDERS SHOULD KNOW ALL THE FACTS

Dear Fellow Shareholder:

**Please do not be misled by Mr. T. Boone Pickens' November 16 "Urgent" letter. In our opinion, it is full of objectionable statements and quotations taken out of context.**

For example, his letter grossly distorts two columns written by respected financial analysts, which appeared in the November 13 edition of *The New York Times*.\*

The title of one of those columns calls Pickens' royalty trusts "A Bad Idea That Could Spread." The author of that column stated that a royalty trust would "jeopardize Gulf" and then explained that such trusts, if adopted generally in the oil industry, would be potentially dangerous to the nation's energy security because it would lead to an "inevitable rise in imported oil".

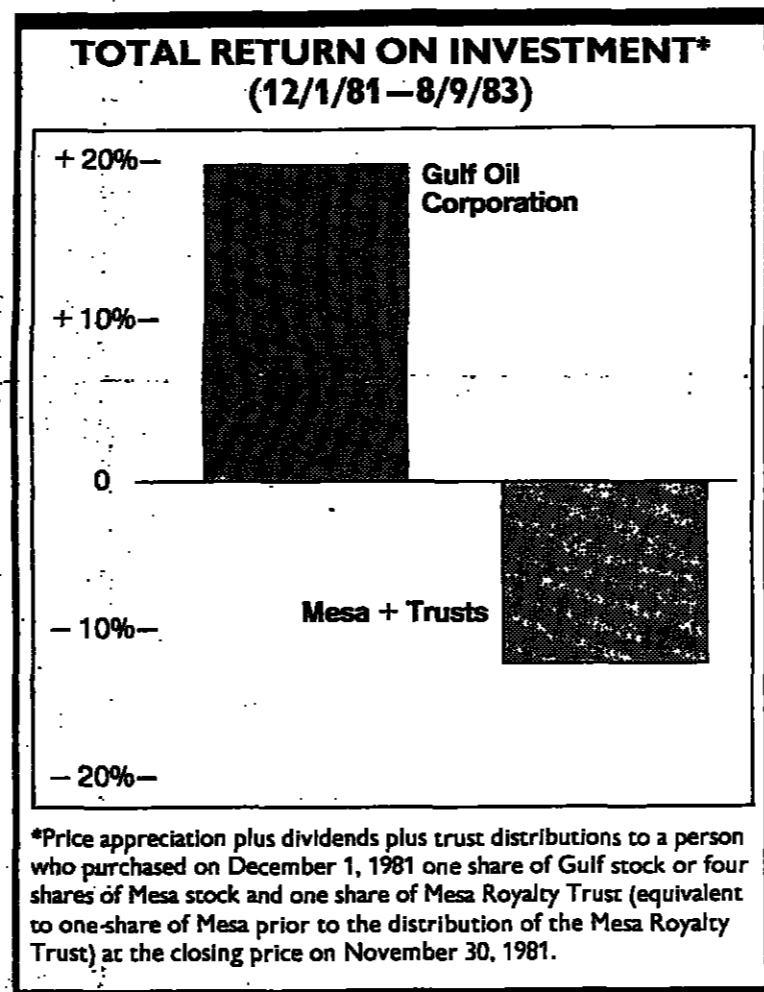
The other guest columnist, while taking the opposite position on the question of royalty trusts, nevertheless went on in the article to praise present Gulf management for the "effective job" they have done during the past few years. In his words, "Gulf Oil's management, led by James E. Lee, has adjusted its strategic planning, sold or shut down losing operations, trimmed the fat from on-going operations, disposed of nonproductive assets and has done a creditable job of getting new oil and gas production onstream. On this basis, Gulf shareholders have reason to be satisfied with Mr. Lee and company."

In our opinion, Mr. Pickens is not giving you the full story.

He used a chart to imply that a royalty trust would offer value to Gulf shareholders. In our view, the chart that is most pertinent to any present Gulf shareholder is the one that follows. This shows the total return of Gulf stock from the time I became Gulf's chairman (December 1, 1981) until the day before the Pickens Group began

purchasing our stock. The chart shows Gulf's total return up approximately 19.5%; Mesa's total return (including both royalty trusts) down approximately 12% during that same time period.

In addition, the chart used by Pickens did not even consider dividend distributions. As a Gulf shareholder, you know that the best measure of performance is total return, which includes both stock appreciation and the dividends you receive.



**1983 marked the 10th consecutive year in which Gulf's dividend payments have been increased over that of the prior year.**

**Also in his letter, Pickens attempted to gloss over the tax consequences to shareholders of creating a royalty trust.** The plain fact is that if a royalty trust were created, **the majority of our shareholders would face a significant tax burden—up to the maximum rate of 50%, and you will receive no cash to pay that tax.**

Finally, Pickens expresses concern about the rights of Gulf shareholders. But the fact is that Mesa does not have cumulative voting, and Sunshine Mining got rid of cumulative voting in 1980. **Gulf believes that the holders of a majority of Gulf's shares should elect all directors.**

We believe that the planned reorganization best serves your investment in Gulf. This reorganization will lessen the opportunity for a minority shareholder—like Pickens—to disrupt our program.

I urge you to vote **FOR** your Company's proposed reorganization. **Abstaining from voting is the same as voting against the proposal**, since it is necessary that more than 50% of the Company's outstanding shares be voted **FOR** the proposal for it to be approved.

Because every proxy vote cast is crucial to the future of your Company, we have made every effort to provide you with the information you need to make an informed decision.

Please express your support of Gulf's proposal by signing, dating, and mailing the **WHITE** proxy card. If you have previously signed a Blue opposition proxy, you have every right to change your mind. **Remember, your latest dated proxy is the only one that counts.**

The management and Board of Directors thank you for your support of your Company.

James E. Lee  
Chairman of the Board and  
Chief Executive Officer

\*Quotation of the cited articles is not being made with the permission of the authors but is being made with the permission of the publisher. The use of such quotations does not represent the author's or publisher's endorsement of Gulf management or its positions. Gulf has not made any payment with respect to the publication or quotation of such articles.

**If your shares are registered in nominee name with your brokerage firm or bank, only they may vote your shares, and only upon receipt of your specific instructions. To ensure that your shares will be voted, at your earliest convenience please instruct the party responsible for your account to execute a WHITE proxy on your behalf.**

**If you have any questions or need assistance in voting your shares, you are encouraged to call Georgeson & Co. Inc. at (212) 440-9800 in New York, U.S.A., or in London, England at 01-636-2361, or D. F. King & Co., Inc. at (212) 269-5550 in New York, U.S.A. Please transfer the charges.**





**TOGETHER TO REMEMBER**—Members of the Kennedy family paused near their homes in Hyannis Port, Massachusetts, for a photograph on Tuesday, the 20th anniversary of President John F. Kennedy's assassination in Dallas. From left are Patricia Kennedy Lawford, Emile Kennedy Shriver, Rose Kennedy, Senator Edward M. Kennedy and Jean Kennedy Smith, the late president's sisters, mother and brother.

## Watt Calls '83 'Less-Than-Equal' Nuclear Response Successful for Interior Dept.

Quality of Life Improved, He Reports to President

By Philip Shabecoff  
New York Times Service

WASHINGTON — In a report to President Ronald Reagan on the Interior Department's record this year, James G. Watt, who has resigned as interior secretary, said, "1983 has been remarkably successful."

Mr. Watt, who announced his resignation Oct. 9, under pressure, following a controversial comment about the composition of an advisory committee, said in a letter accompanying the report that 1983 had been "a year of enrichment — improving the quality of life for all Americans." The report and letter to the president, dated Oct. 1, were released Tuesday.

Mr. Watt said his "excellent record for managing the natural resources of this land is unequalled." He said that efforts to speed up leasing of oil, gas and coal on public lands would help provide fuel to heat Americans' homes and move their cars.

In three years, he said, the department has leased twice as much offshore and onshore land for oil development and three and a half times as much coal land as in the last three years of the Carter administration.

Spokesmen for environmental groups said Tuesday that Mr. Watt's assertions were untrue or exaggerated. Several also said that the only significant environmental progress made in 1983 was Mr. Watt's departure.

William A. Turnage, executive director of the Wilderness Society, said the report "sounds like the last chapter of 'Alice in Wonderland.'"

Mr. Watt wrote with pride of improving and expanding the national park and wildlife refuge systems. In 1983, he said, more park and wildlife land was added to the federal estate than at any time since Alaska was purchased in 1867.

Ron Tipton, a Wilderness Society park specialist, said that most of the land acquired was in a trade with the state of Alaska and that there had been little net gain. He produced National Park Service files indicating that less acreage was acquired this year than in any year since 1967.

A department spokesman said that William P. Clark, the new interior secretary, could not comment on the contents of the report because he was still reviewing issues it discusses.

By Michael Getler  
Washington Post Service

WASHINGTON — McGeorge Bundy, national security adviser to presidents John F. Kennedy and Lyndon B. Johnson, has suggested that the United States consider a policy under which its first counterstrike in any nuclear war would be kept lighter than the enemy's opening attack and would not wipe out the Soviet political leadership.

At an informal hearing arranged by Representative Les Aspin, a Wisconsin Democrat, on ways to prevent nuclear war, Mr. Bundy described his views as further "shocks to established doctrine" which he and other former officials believe could either keep a nuclear war from starting or limit its destructiveness if it did begin.

In 1981, Mr. Bundy co-authored an article in Foreign Affairs magazine calling on the United States to renounce its threat to use atomic weapons first in Europe if the Soviet Union were overwhelming the West with its conventional forces.

That idea has been rejected by the North Atlantic Treaty Organization and the Reagan administration, on the ground that the nuclear threat deters Moscow from launching a conventional attack.

Robert S. McNamara, a co-author of the Foreign Affairs article and a former secretary of defense in the Kennedy and Johnson administrations, has carried the no-first-use debate further. He argues that even a "second-use" of atomic weapons in Europe after an enemy has used them should not be done hastily or until it is clear what kind of attack occurred.

On Tuesday, Mr. Bundy elaborated on this. He suggested that a "less-than-equal reply" with U.S.



McGeorge Bundy

atomic weapons to an enemy first attack can deal out punishment, show determination, yet avoid automatic escalation and "offer him [the enemy] a fresh chance to be safe" and to reconsider.

Mr. Bundy said this would not apply in all circumstances, such as a massive enemy first strike. He said that, as unlikely as it is that a war would start, the focus must be on ending it quickly because it would ultimately destroy both sides. Thus, he argued, "to end any nuclear war we need an enemy government to deal with, and for that reason any effort to decapitate that government would be an act of dreadful folly" resulting in a "disastrous, mindless escalation by a now mindless enemy."

Mr. Aspin's hearings are part of the continuing reaction to the airing on U.S. television of the film "The Day After," which depicted an all-out U.S.-Soviet nuclear war and was watched by an estimated 100 million Americans.

Two other former officials, James R. Schlesinger, secretary of defense in the Nixon and Ford administrations, and Robert W. Komer, President Jimmy Carter's undersecretary of defense, criticized the film Tuesday as playing to fear and emotion. They said it glossed over the concept of deterrence by avoiding any explanation of how the war started or why the two superpowers could not avoid it as they have for the 38 years since the end of World War II.

Later in the hearing, both officials softened their criticism. Mr. Komer said the film "will have been worthwhile" if it leads to greater public consciousness of "the kinds of policies and programs best suited to the prevention of nuclear war."

Mr. Schlesinger backtracked after Representative Timothy E. Wirth, Democrat of Colorado, said that any event in which 100 million Americans watch a program that raises the nuclear debate "to a level of urgency where I believe it belongs" should not be brushed aside. "I agree," answered Mr. Schlesinger, "that a film of this sort can be valuable in raising the level of consciousness about nuclear weapons. We sometimes become too indifferent to the issues imposed by nuclear weapons."

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## Cranston Quits Fund-Raising Event In Dispute Over Timing of Primaries

By Bill Peterson  
Washington Post Service

WASHINGTON — Senator Alan Cranston of California, in a dispute with Charles T. Manatt, the Democratic Party chairman, has withdrawn from an intensive two-day fund-raising tour that was to involve all eight Democratic presidential candidates.

In a stinging letter to Mr. Manatt, Sergio Bendixen, Mr. Cranston's campaign manager, urged that the "Presidential Sweep" for Dec. 5 and 6 be canceled so that the national party could focus its energy on resolving a controversy over the dates of the Iowa presidential caucuses and the New Hampshire primary. Iowa and New Hampshire plan to hold their events earlier than the national party wants.

The letter represents the first direct challenge to Mr. Manatt's leadership by a presidential candidate.

It was sent a day after Mr. Manatt met with the Democratic chairmen of four key states to discuss "communications problems." The meeting apparently was a cordial one that resolved several disputes between state and national party leaders about fund raising.

But George Bruno, the New Hampshire Democratic chairman, and David Nagle, the Iowa chairman, neither of whom attended the session, continued to accuse Mr. Manatt of creating disunity.

Mr. Manatt said he did not intend to alter party rules to placate the two states, nor did he consider the mounting criticism a challenge to his authority.

The date controversy is an outgrowth of an effort to shorten the campaign season by requiring all delegate-selection events to take place in the three months beginning March 13. Those seeking the reform say that an extended primary season is costly to candidates

and places too much emphasis on results of the early primaries. But Iowa was given an exemption to hold its caucuses Feb. 27, and New Hampshire, which long has held the nation's first primary, to hold its vote on March 6.

This formula fell apart when Vermont decided to have a non-binding primary March 6. The Republican-controlled New Hampshire government moved that state's primary to Feb. 28.

And Saturday, the Iowa Democratic Central Committee voted, 20-10, to delay national party rules — and considerable pressure from the national committee — and hold the caucuses Feb. 20.

The uncertainty about the dates has caused "frustration" in the Cranston campaign, Mr. Bendixen said in his letter to Mr. Manatt. He added that "nearly every Democratic presidential candidate has agreed" to the dates of Feb. 20 in Iowa and Feb. 27 in New Hampshire.

## Commonwealth Is Asked To Back New Arms Talks

The Associated Press

NEW DELHI — Prime Minister Pierre Elliott Trudeau of Canada sought backing at the opening session of the Commonwealth conference Wednesday for a meeting of the five known nuclear powers in order to seek a freeze in the development of nuclear arms. His proposal received strong support from Third-World nations but a cool response from Britain.

Canadian officials said he would travel early next year to Washington and Moscow to pursue his proposal. The five known nuclear powers are the United States, the Soviet Union, China, Britain and France.

Mr. Trudeau presented his suggestion after the Commonwealth leaders moved into closed session, conference sources said.

He had discussed the idea with West European, Japanese and Bangladeshi leaders before arriving here for the weeklong conference of leaders of 44 nations.

British sources said Prime Minister Margaret Thatcher had expressed "little enthusiasm" for the proposal. Britain is the only power at the conference known to have nuclear weapons.

During the discussion, the Commonwealth leaders were unaware of the Soviet walkout from the Geneva talks on limiting intermediate-range nuclear arms. Afterward, a British government spokesman expressed "deep regret" at the walkout, and a Canadian spokesman said it undermined the need for Mr. Trudeau's mission.

Earlier, addressing the Commonwealth leaders, Mrs. Thatcher pledged that Britain would work for a better East-West relationship.

But she added, "East-West tensions are far from being the sole cause of conflict in the world, and they are centuries away from being the oldest."

Prime Minister Indira Gandhi of India opened the conference with a blunt statement that the arms race was "very nearly out of hand."

"Lethal weapons of nuclear destruction should never be used and therefore must not be produced," she said.

Mrs. Gandhi, in her opening address, attacked the U.S.-led invasion of Grenada, saying, "We cannot acquiesce in the reasons being advanced to justify the use of force by one state against another, to install regimes of particular persuasions or to destabilize regimes deemed to be inconvenient."

The leaders of six East Caribbean states that joined in the invasion listened in silence.

Mrs. Gandhi also urged the conference to launch a new initiative to seek independence for South-West Africa, or Namibia. She described the territory, which is administered by South Africa, as "the last major bastion of colonialism."

## Turkish MPs Meet for New Parliament

Compiled by Our Staff From Dispatch

ANKARA — Turkey's first elected parliament since the 1980 military coup is to convene Tuesday, but a new government to be headed by the former economy chief, Turgut Ozal, may not take office for at least 10 more days.

The 399 members chosen in the Nov. 6 general election — including 211 from Mr. Ozal's center-right Motherland Party — are to assemble for swearing-in ceremonies.

The Motherland Party was one of the three political parties whose candidates, who were carefully screened by the military ruling council, captured more than 92 percent of the votes in the election. Officials said the members of Parliament are expected to adjourn until Dec. 4, when they are to elect a speaker and parliamentary officers.

Although official sources said the current prime minister, Bulent Ulusu, will present his resignation to President Kenan Evren on Thursday, Mr. Ozal, who as deputy prime minister was in charge of Turkey's economy from 1980 to 1982, is unlikely to take over immediately.

By tradition, he will be called on to form a government after the speaker and his officers are appointed, leading to a delay of at least a month after the elections.

Mr. Ozal has said he hopes to reduce the gap.

(Reuters, UPI)

## Funding for Arms Falls Short, Weinberger Says

By Fred Hiatt  
Washington Post Service

WASHINGTON — Defense Secretary Caspar W. Weinberger says that the Reagan administration has made "substantial improvements" in U.S. military strength, but he has criticized Congress for not fully funding President Ronald Reagan's planned buildup.

Before recessing last week, Congress approved a record \$249-billion military budget, about \$11 billion short of the administration's request. The Pentagon said the budget represents only 3 percent annual growth after inflation, compared with the 7 percent sought by Mr. Reagan, and Mr. Weinberger said Tuesday that congressional refusal to fund the administration's full request will end up costing more.

"We have a situation in which what we need, what's been authorized, what we will have to have, will cost us more and will take us a little longer to acquire," Mr. Weinberger said at a news conference.

Not allowing for inflation, the Defense Department budget has more than doubled from fiscal 1979, when it totaled \$121 billion, to the fiscal 1984 budget of slightly less than \$250 billion. Neither total includes the military construction bill, which this year appropriated more than \$7 billion, or the Energy Department appropriation for nuclear weapons production, more than \$5 billion this year.

The administration last summer projected a military budget of

\$321.5 billion for fiscal 1985. Mr. Weinberger declined Tuesday to discuss his hopes for the coming fiscal year, but he left some room for reform from that total when he noted that inflation rates have been lower than projected.

Mr. Weinberger noted with satisfaction that Congress has funded every weapons system requested by Mr. Reagan except nerve gas. But he said stretching out the procurement time and, in particular, refusing to approve multiyear contracts will increase the ultimate cost of the buildup by hundreds of millions of dollars.

## Ford Loses Crash Case; \$106-Million Award Set

The Associated Press

CORPUS CHRISTI, Texas — A jury in a Texas state court has ordered Ford Motor Co. to pay \$106.3 million in damages to the family of a 20-year-old woman who died from burns sustained in a 1978 accident in which a parked Mustang II in which she was sitting was struck by a fast-moving car.

The jury found Ford negligent in the design of the Mustang II fuel tank. On Tuesday, it awarded \$6.8 million in actual damages and \$100 million in punitive damages to the William Durrill family of Robstown, Texas. Ford, which has lost other suits involving fires in the Mustang II and Pinto models, had argued that the fuel tank of any compact car would have ruptured in such an accident.

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